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THE MONEY OF THE CONSTITUTION.

BY

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"ECONOMIC VALUE OF ELECTRIC LIGHT AND POWER," "PROSPERITY AND POLITICS," "A DISCUSSION OF ECONOMIC PRINCIPLES INVOLVED IN THE LAW OF INCORPORATED COMPANIES OPERATING UNDER MUNICIPAL FRANCHISES," "A SOUND CURRENCY AND BANKING SYSTEM—HOW IT MAY BE SECURED."

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THE MONEY OF THE CONSTITUTION.

CONTENTS.

		PAGE.
1.	CITATIONS FROM THE CONSTITUTION	1
2.	THE WORD "MONEY" IN THE CONSTITUTION	3
3.	POWER TO COIN MONEY AND REGULATE THE VALUE THEREOF	4
4.	PRINCIPLES OF SOUND MONEY	6
5.	THE CONSTITUTION WAS ADOPTED WITH A DISTINCT UNDERSTANDING AS TO THE PRINCIPLES THAT SHOULD GOVERN THE POWERS OF COINAGE DELEGATED TO CONGRESS	8
6.	WHAT THOSE WHO FRAMED AND ADOPTED THE CONSTITUTION UNDERSTOOD ITS PROVISIONS TO MEAN IN REGARD TO MONEY, STATED IN THEIR OWN LANGUAGE	10
	I. MONEY OF ACCOUNT	12
	II. NATURE OF THE MONEY UNIT	14
	III. DENOMINATIONS OF COINS	18
	IV. ALLOY, CHARACTER AND WEIGHT	21
	V. CHARGES FOR COINAGE	25
	VI. STANDARDS OF VALUE	32
	VII. RATIO OF VALUE BETWEEN GOLD AND SILVER	38
	VIII. WEIGHT OF COINS	52
	IX. DEBASEMENT OF COINS	58
	X. LEGAL TENDER POWER	63
7.	THE PEOPLE HAVE NOT BEEN CORRECTLY TAUGHT	68
8.	FOR THE HONEST MINDED WHO ARE NOT CORRECTLY INFORMED	69
	I. FALLACY NO. 1. UNCHANGEABLE UNIT OF VALUE	71
	II. FALLACY NO. 2. DOUBLE STANDARD OF VALUE	73

PAGE.

III. Fallacy No. 3. That the Value of Coins is Regulated by Law, Regardless of the Commercial Value of the Metal they Contain . . . 79

IV. Fallacy No. 4. That the Manufacture of a Coin Once Authorized Cannot be Discontinued. 81

V. Fallacy No. 5. That a Coin, the Commercial Value of the Bullion Contents of Which is Not Equal to its Denominational Value, Can be "The Money of the Constitution" . . 84

VI. The Principles of Sound Money as Defined and Applied by the Founders of the Republic 89

9. For the Dishonest 90

10. Conclusions 100

THE MONEY OF THE CONSTITUTION.

The popular phrase "The Money of the Constitution," strictly construed, means the money authorized by those who framed and adopted the Constitution in the first coinage law, enacted April 2, 1792, and approved by President George Washington.

The Constitution itself does not designate any particular kind of money, but delegates to Congress the exclusive right "to coin money;" therefore, anything that Congress may authorize to be issued from the United States mint as coined money is Constitutional Money.

For the sake of popular recognition, it will be assumed that those who use the phrase "The Money of the Constitution" most frequently and with greatest unction, mean the money authorized by the first coinage act of 1792. Clearly to show the principles involved in that act, and the opinions regarding them held by those charged with the consideration of the subject during the

period in which the Constitution was formulated and adopted down to and including the enactment of the coinage law of 1792, and solely to inform the people what the Money of the Constitution really was, is the object of the following examination of the official records of that time. That this may be done intelligently and concisely, all provisions in the Constitution pertaining to the subject will first be cited; then all essential passages in official documents will be quoted, arranged to elucidate the principle to which they pertain, followed by the paragraph in the Coinage Law of 1792, in which the principle is applied.

This method will enable the reader to see exactly what views were held on any point by those who founded the government, and how they finally gave practical effect to their opinions in the coinage law enacted by their co-operation and approval.

Following the examination of official documents is a discussion of the principles involved, designed to expose the fallacies taught by those now demanding the free coinage of silver at the ratio of 16 to 1, who ignorantly or maliciously represent that they are seeking to establish a bimetalic coin circulation, or are asking for the restoration of "the Money of the Constitution."

1. CITATIONS FROM THE CONSTITUTION.

ARTICLES OF CONFEDERATION OF JULY 9, 1778.

ARTICLE 9. * * * The United States in Congress assembled shall also have the sole and exclusive right and power of regulating the alloy and value of coin struck by their own authority, or by that of the respective states—fixing the standard of weights and measures throughout the United States.

CONSTITUTION OF THE UNITED STATES.

(Went into operation on the first Wednesday of March, 1789.)

PREAMBLE.

We, the people of the United States, in order to form a more perfect union, establish justice, ensure domestic tranquillity, promote the general welfare, and secure the blessings of liberty to ourselves and our posterity, do ordain and establish this Constitution for the United States of America.

ARTICLE I.

SECTION 8. The Congress shall have power:

3. To regulate commerce with foreign nations, and among the several states, and with the Indian tribes.

5. To coin money, regulate the value thereof, and of foreign coin; and fix the standard of weights and measures.

6. To provide for the punishment of counterfeiting the securities and current coin of the United States.

18. To make all laws which shall be necessary and proper for carrying into execution the foregoing powers; and all other powers vested by this Constitution in the government of the United States, or in any department or officer thereof.

SECTION 10. 1. No state shall * * * coin money; emit bills of credit; make anything but gold and silver coin a tender in payment of debts; pass any law impairing the obligation of contracts.

ARTICLE VI.

2. This Constitution and the laws of the United States, which shall be made in pursuance thereof, and all treaties made, or which shall be made, under the authority of the United States, shall be the supreme law of the land; and the judges in every state shall be bound thereby, anything in the Constitution or the laws of any state to the contrary notwithstanding.

ARTICLE IX.

The enumeration, in the Constitution, of certain rights shall not be construed to deny or disparage others retained by the people.

ARTICLE X.

The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States, respectively, or to the people.

2. THE WORD "MONEY" IN THE CONSTITUTION.

The word "money" is used in the Constitution in the sense custom had assigned to it. It means coins of gold, silver or copper. *It does not mean paper currency.*

The Journal of the Continental Congress for Thursday, June 22, 1775, calls the paper currency authorized to be issued "bills of credit," and they are so called in the report of the Committee on Relative Value of Current Specie, 1776.

In the coinage scheme proposed by Robert Morris, January 15, 1782, he refers to currency notes as a "paper circulation," but not as money. Jefferson, in his discussion of "A Money Unit," makes no reference to paper currency.

Hamilton, in his report "on the establishment of a Mint," refers to paper currency as "bank circulation," and in the Constitution, Section 10, paragraph 1, paper currency is referred to in the language used in the official acts of the Continental Congress, as "bills of credit."

"The Money of the Constitution" was therefore gold and silver coin. All that is required to provide the people of the United States with

sound money, money that will be sound in any market in the world, is to insist upon the honest and intelligent execution of the provisions of the Coinage act of 1792. In the light of this fact the agitation for "sound money" that has been carried on during the past few years is a remarkable and a most humiliating exhibit of the lack of correct monetary education among the people.

3. THE POWER TO COIN MONEY AND REGULATE THE VALUE THEREOF.

The power to coin money and regulate the value thereof can have no other meaning than that understood by those who wrote and adopted the Constitution. The power to regulate the *value* of Coined Money, delegated to Congress by the States, first appeared in the Articles of Confederation as the "sole and exclusive right and power of regulating the alloy and value of coin struck by their own authority, or by that of the respective states." That this power was delegated to be exercised as it was then understood it would be exercised, cannot be questioned. How it would be exercised was made sufficiently clear by the coinage scheme proposed by Robert Morris in 1782; fully discussed by Thomas Jefferson in his "notes on the establishment of a money unit and of a coinage for the United States," in 1783; by the "report of a grand committee on the Money Unit," 1785; by "letters from the board of Treas-

ury," 1786, and the "Mint Ordinance" of that year. The subject was publicly discussed almost continuously from 1782 to the date of adopting the Constitution in 1789; a sufficient time to prevent any misunderstanding as to the *means* that would be used to "regulate the value of Coined Money." That there was no misconception on this subject is established beyond the possibility of a doubt by the "report of Alexander Hamilton on the establishment of a Mint" in 1791; the approval of his report by Thomas Jefferson in 1792; and the enactment of a law establishing a mint and regulating the value of coined money, April 2, 1792. This report, and the letter and enactment following, are in harmony with the discussions that preceded the adoption of the Constitution, and must be accepted as an authoritative construction of the power vested in Congress by the Constitution by those who adopted it. The law of April 2, 1792, was enacted under authority of Article I, Section 8, Paragraph 18, of the Constitution and was the first enactment designed to carry into effect the power "to coin money and regulate the value thereof." Its constitutionality has never been questioned. The coined money authorized by it is unquestionably the only kind of coined money intended to be authorized when the states delegated the exclusive power to the Congress "to coin money and regulate the value thereof."

The reasons for delegating this power to the Congress are not difficult to understand. It was necessary to do so to secure a uniform system of

Money Arithmetic, Money of Account, and Coined Money, and to protect the same from counterfeiting and debasement; to make definite the terms of contracts and bargains; to provide a legal tender; to facilitate and regulate Commerce between the States; to "establish justice" between creditor and debtor, and to "promote the general welfare."

While Congress was free to accept or reject all suggestions made *previous* to the enactment of the law of April 2, 1792, establishing a Mint and regulating the value of its Coinage, after its enactment it was bound by the provisions of the law in its relation to the Constitution until it was changed by a subsequent enactment. In this respect the position is the same as that of two persons engaged in formulating a contract. Before the contract is signed it is in order to suggest any changes thought desirable by either party. After it is signed both parties must abide by its terms.

4. PRINCIPLES OF SOUND MONEY.

The principles to govern the coinage of the United States, advocated and recommended by those in authority, *before and after* the adoption of the Constitution, which are incorporated in the first law establishing a mint and regulating the value of its coinage, may be briefly stated as follows:

1. That denominations of the coins should be regulated in conformity with the decimal system of accounting, with one dollar as its unit.

2. That the denomination of the coins should be based on the dollar then in use and with which the people were familiar.

3. That one dollar should be the unit of value whether of gold or silver.

4. That the commercial value of the contents of the coins should be equal to the value expressed by the denomination of the coins.

5. That the ratio between the bullion weight of the contents of gold and silver coins should be the same as the ratio between the commercial value of gold and silver bullion.

6. That the margin of difference between uncoined and coined bullion should be a percentage only sufficient to cover the cost of fabrication without yielding a profit.

The idea of making a profit by coining money containing bullion less in value than the value expressed by the denomination of the coin, except in the case of token money, was rejected as being incompatible with the idea of *integrity* and the declared purpose of the Constitution to "establish justice" and "promote the general welfare."

Money coined in conformity with these principles can never be anything else than sound money. It always has been and always will be accepted as sound money in every market in the world. These principles are as applicable to a silver as to a gold standard of values, and coins struck in conformity with them are as sound money in one metal as in the other.

5. THE CONSTITUTION WAS ADOPTED WITH A DISTINCT UNDERSTANDING AS TO THE PRINCIPLES THAT SHOULD GOVERN THE POWERS OF COINAGE DELEGATED TO CONGRESS.

In the *section restricting the powers of the states*, the Constitution says: "No state shall coin money, emit bills of credit (currency notes) or make anything but gold or silver a tender in payment of debts." The power granted to Congress "to coin money" is without limitation of any kind; the restriction placed on State governments is definite and absolute. Its admits of no misunderstanding or evasion. The logical conclusion is that Congress is bound to provide the kind of coins the Constitution permits state governments to make legal tender, but it does not go to the extent of limiting the power of Congress to the use of gold and silver only, nor to requiring Congress to supply gold or silver coins of any particular denominations or in equal or any specified amounts. Congress may fairly be called upon to supply all the gold or silver coin demanded because, the states having deprived themselves of the power to coin money, and having made it mandatory upon themselves to use nothing but gold and silver coin as a tender for the payment of debts, the compact necessarily implied that Congress would supply all the gold and silver coins required for such purpose. The implication went beyond this and

assumed that the coins would be supplied in denominations required by the system of Money Arithmetic, substantially as recommended by Robert Morris, Thomas Jefferson, and others whose proposals for establishing a coinage for the United States were before the people for discussion, several years previous to the adoption of the Constitution.

The implication went one step farther and assumed that the principles to govern the coinage would be those advocated by Robert Morris, Thomas Jefferson and other statesmen who had made a close study of the subject and reported their recommendations for the information and guidance of the people.

That it was intended Congress should have power to coin money from other metal than gold and silver, and to add, or discontinue, the coinage of any particular piece, of any denomination or metal, and should exercise such power at its discretion, is shown by the official report of the Superintendent of Finance before, and the Secretary of the Treasury after, the adoption of the Constitution.

Another implication, more vital than those mentioned, is found in the entire absence of any reference in the Constitution to the system of Money Arithmetic in which the money of Account should be expressed. This system was adopted by resolution of the Continental Congress *before* and was enacted in the First Coinage law *after* the adoption of the Constitution.

While the exclusive right to Coin Money was delegated to Congress, the right to authorize the issue of paper currency was as plainly reserved to the States. The States were exercising this right when the Constitution was adopted and continued the unquestioned exercise of it until Congress placed a ten per cent tax upon such currency, as a war measure, act of July 13, 1866.

Upon these implications an understanding was founded which justified the granting of unlimited power on the one hand and the submission to a definite and narrow restriction on the other hand. This understanding made these principles a part of the Constitution as completely as though they were written into it. The men who drafted and adopted the Constitution, among whom were Robert Morris, Thomas Jefferson and Alexander Hamilton, were men of high honor who needed no inflexible provisions to compel them to carry into effect the principles they advocated.

6. WHAT THOSE WHO FRAMED AND ADOPTED THE CONSTITUTION UNDERSTOOD ITS PROVISIONS TO MEAN IN REGARD TO MONEY, STATED IN THEIR OWN LANGUAGE.

The claim that the "Money of the Constitution" can constitutionally be different, in any essential particular, from what those intended who framed

and adopted that great charter from the people, to the people, for the people, does injustice to their intelligence. Clearly to show what they understood its monetary provisions to be, an examination of their discussions, recommendations, and procedures, preceding and immediately following the adoption of the Constitution is necessary. That this examination may plainly show the principles of sound money advocated and approved by the founders of the Republic, the subject is classified under the following headings:

I.—Money of Account.
II.—Nature of the Money Unit.
III.—Denominations of Coins.
IV.—Alloy, Character and Weight.
V.—Charges for Coinage.
VI.—Standard of Value.
VII.—Ratio of Value between Gold and Silver.
VIII.—Weight of Coins.
IX.—Debasement of Coins.
X.—Legal Tender Power.

Every quotation is taken from official documents and is designed to let those who framed and adopted the Constitution, and enacted a law under which a Mint and Coinage for the United States was established, explain in their own words what they intended and understood "the Money of the Constitution" to be.

I.—MONEY OF ACCOUNT

JANUARY 15, 1782.

Although it is not absolutely necessary, yet it is very desirable that money should be increased in a decimal ratio, because by that means all calcula tions of Interest, Exchange, Insurance and the like are rendered much more simple and accurate, and of course more within the power of the great mass of people.

ROBERT MORRIS,
Superintendent of Finance.

....., 1783.

Certainly in all cases where we are free to chuse between easy and difficult modes of operation, it is most rational to chuse the easy. The financier therefore, in his report well proposes that our coins should be in decimal proportions to one another.

THOMAS JEFFERSON.

MAY 13, 1785.

The Money Arithmetic, though an important question, is one that can admit of little dispute. All accountants must prefer decimals.—*Report of Grand Committee on Money Unit.*

TUESDAY, August 8, 1783.

Resolved: That the money of account, to correspond with the division of coins, proceed in decimal ratio agreeably to the forms and manner following, viz.: Mills, Cents, Dismes, Dollars, or Money Unit.—*Resolution of Coinage, Continental Congress.*

FRIDAY, April 28, 1791.

It is certain that nothing can be more simple or convenient than the decimal subdivisions. There is every reason to expect that the method will speedily grow in general use, when it shall be seconded by corresponding coins. On this plan, the unit in the money of account will continue to be, as established by resolution of August 8, 1786, a Dollar; and its multiples, dismes, cents, and mills, or tenths, hundredths, and thousandths.

ALEXANDER HAMILTON,
Secretary of the Treasury.

COINAGE LAW OF APRIL 2, 1792.

SECTION 20. AND BE IT FURTHER ENACTED, THAT THE MONEY ACCOUNT OF THE UNITED STATES SHALL BE EXPRESSED IN DOLLARS OR UNITS, DISMES OR TENTHS, CENTS OR HUNDREDTHS, AND MILLS OR THOUSANDTHS, A DISME BEING A TENTH PART OF A DOLLAR, A CENT THE HUNDREDTH PART OF A DOLLAR, A MILL THE THOU-

SANDTH PART OF A DOLLAR, AND THAT ALL ACCOUNTS IN PUBLIC OFFICES AND ALL PROCEEDINGS IN THE COURTS OF THE UNITED STATES SHALL BE KEPT AND HAD IN CONFORMITY TO THIS REGULATION.

II.—NATURE OF THE MONEY UNIT.

JANUARY 15, 1782.

To have the money unit very small is advantageous to commerce; but there is no necessity that this money unit be exactly represented in coin; it is sufficient that its value be precisely known.

ROBERT MORRIS,
Superintendent of Finance.

----------, 1783.

The expediency attending the size of the money unit will be evident to any one who will consider how inconvenient it would be to a manufacturer or merchant, if instead of the yard for measuring cloth, either the inch or the mill had been made the unit or measure.

The unit, its multiples and subdivisions should coincide in value with some of the known coin so nearly, that the people may, by a quick reference in the mind, estimate their value. If this be not attended to, they will be very long in adopting the innovation, if they ever adopt it.

The unit or dollar is a known coin and the most familiar of all to the mind of the people. It is already adopted from South to North, has identified our currency and therefore happily offers itself as a unit already introduced, our public debt, our requisitions and their apportionments have given it actual and long possession of the place of unit.

THOMAS JEFFERSON.

WEDNESDAY, JULY 6, 1785.

On the question that the money unit of the United States of America be one dollar, the yeas and nays being required by Mr. Howell, every member answering *ay*, it was

Resolved, That the money unit of the United States be one dollar.—*Resolution of Coinage, Continental Congress.*

APRIL 28, 1791.

The next inquiry towards a right determination of what ought to be the future money unit of the United States, turns upon the questions; whether it ought to be peculiarly attached to either of the metals, in preference to the other or not? And, if to either, to which of them?

The suggestions and proceedings hitherto have had for their object the annexing of it emphati-

cally to the silver dollar. A resolution of Congress of the 6th of July, 1785, declares that the money unit of the United States shall be a dollar; and another resolution of the 8th of August, 1786, fixes that dollar at 375 grains and 64 hundredths of a grain of fine silver. The same resolution, however, determines that there shall also be two gold coins; one of 246 grains and 268 parts of a grain of pure gold, equal to ten dollars; and the other, of half that quantity of pure gold equal to five dollars. And it is not explained whether either of the two species of coins of gold or of silver shall have any greater legality in payments than the other. Yet it would seem that a preference in this particular is necessary to execute the idea of attaching the unit exclusively to one kind. If each of them be as valid as the others, in payments to any amount, it is not obvious in what effectual sense either of them can be deemed the money unit, rather than the other.

If the general declaration, that the dollar shall be the money unit of the United States, could be understood to give it a superior legality in payments, the institution of coins of gold, and the declaration that each of them shall be *equal* to a certain number of dollars, would appear to destroy that inference. And the circumstance of making the dollar the unit in the money of account, seems to be rather matter of form than of substance. The Secretary is, upon the whole, strongly inclined to the opinion that a preference ought to be given to neither of the metals for the money

unit. *Perhaps, if either were to be preferred, it ought to be gold rather than silver.*

It seems to be most advisable not to attach the unit exclusively to either of the metals; because this cannot be done effectually, without destroying the office and character of one of them as money, and reducing it to the situation of a mere merchandise, which would probably be a greater evil than the occasional variations in the unit, from the fluctuations in the relative value of the metals; *especially if care be taken to regulate the proportions between them, with an eye to their average commercial value.*

The chief inducement to the establishment of the small (dollar) gold piece, is to have a sensible object in that metal, as well as in silver, to express the unit.

ALEXANDER HAMILTON,
Secretary of the Treasury.

FEBRUARY, 1792.

I concur in thinking that the unit must stand on both metals.

THOMAS JEFFERSON.

COINAGE LAW OF APRIL 2, 1792.

SECTION 9. AND BE IT FURTHER ENACTED, THAT THERE SHALL BE FROM TIME TO TIME

STRUCK AND COINED AT THE SAID MINT, COINS OF GOLD, SILVER AND COPPER DENOMINATIONS, VALUES AND DESCRIPTIONS, VIZ: EAGLES EACH TO BE OF THE VALUE OF TEN DOLLARS OR UNITS. * * * DOLLARS OR UNITS. * * * CENTS EACH TO BE OF THE VALUE OF ONE HUNDREDTH PART OF A DOLLAR.

III.—DENOMINATIONS OF COINS.

----------, 1783.

If we adopt the dollar as our unit, we should strike four coins, one of gold, two of silver, and one of copper, viz:

1. A golden piece equal in value to 10 dollars.
2. The unit or dollar itself of silver.
3. The tenth of a dollar of silver also.
4. The hundredth of a dollar of copper.

A great deal of small change is useful in a state, and tends to reduce the prices of small articles. Perhaps it would not be amiss to coin three more pieces of silver, one of the value of five-tenths or half a dollar, one of the value of two-tenths, which would equal to the Spanish pistareen, and one of the value of 5 coppers, which would be equal to the Spanish half bit. We should then have four silver coins, viz:

1. The unit or dollar.
2. The half dollar or five-tenths.

3. The double tenth, equal to two-tenths, or $\frac{1}{5}$ of a dollar, also to a pistareen.
4. The tenth, equal to a spanish bit.
5. The five copper piece, equal to .05 or $\frac{1}{20}$ of a dollar or to the half bit.

THOMAS JEFFERSON.

MAY 13, 1785.

The following forms of money are submitted:

	Dollars.
1 piece of gold of	5.
1 " of silver of	1.
1 " "	$\frac{1}{2}$ or .50
1 " "	$\frac{1}{4}$ or .25
1 " "	$\frac{1}{10}$ or .10
1 " "	$\frac{1}{20}$ or .05
1 piece of copper of	$\frac{1}{100}$ or 01
1 " "	$\frac{1}{200}$ or .005

Report of Grand Committee on the Money Unit.

APRIL 28, 1791.

As it will be easy to add, it will be most advisable to begin with a small number, till experience shall decide whether any other kinds are necessary.

The following, it is conceived, will be sufficient in the commencement:

One gold piece, equal in weight and value to ten units or dollars.

One gold piece, equal to a tenth part of the former, and which shall be a unit or dollar.

One silver piece, which shall also be a unit or dollar.

One silver piece, which shall be, in weight and value, a tenth part of the silver unit or dollar.

One copper piece, which shall be of the value of a hundreth part of a dollar.

One other copper piece, which shall be half the value of the former.

ALEXANDER HAMILTON,
Secretary of the Treasury.

COINAGE LAW OF APRIL 2, 1792.

SECTION 9. AND BE IT FURTHER ENACTED, THAT THERE SHALL BE FROM TIME TO TIME STRUCK AND COINED AT THE SAID MINT, COINS OF GOLD, SILVER AND COPPER, OF THE FOLLOWING DENOMINATIONS, VALUES, AND DESCRIPTIONS, VIZ:

GOLD EAGLES: EACH TO BE OF THE VALUE OF TEN DOLLARS OR UNITS. HALF EAGLES: EACH TO BE OF THE VALUE OF FIVE DOLLARS. QUARTER EAGLES: EACH TO BE OF THE VALUE OF TWO AND A HALF DOLLARS. SILVER DOLLARS OR UNITS: EACH TO BE OF THE VALUE OF THE SPANISH MILLED DOLLAR AS THE SAME IS NOW CURRENT. HALF DOLLARS: EACH TO BE OF HALF THE VALUE OF THE DOLLAR OR UNIT. QUARTER DOLLARS: EACH TO BE OF ONE-FOURTH THE VALUE OF THE DOLLAR OR UNIT. DISMES:

EACH TO BE OF THE VALUE OF ONE-TENTH OF A DOLLAR OR UNIT. HALF DISMES: EACH TO BE OF THE VALUE OF ONE-TWENTIETH OF A DOLLAR. COPPER CENTS: EACH TO BE OF THE VALUE OF ONE-HUNDREDTH PART OF A DOLLAR. HALF CENTS: EACH TO BE OF THE VALUE OF HALF A CENT.

IV.—ALLOY, CHARACTER AND WEIGHT.

JANUARY 15, 1782.

Without noticing the preference given to one foreign coin over another, it is sufficient to observe, that if a greater alloy should be introduced by the Spanish Government into their dollars, our interior Regulations as to Money would be overturned, and certainly we have no security that this will not happen.

ROBERT MORRIS,
Superintendent of Finance.

----------, 1783.

The quantum of alloy is also to be decided. The silver coins assayed by Sir Isaac Newton varied $1\frac{1}{2}$ to 76 pennyweight alloy in the pound troy of mixed metal. The British standard has 18 dwt. The Spanish coins assayed by Sir Isaac Newton have from 18 to $19\frac{1}{2}$ dwt. The new French crown has in fact $19\frac{1}{2}$, though by its edict it should have 20 dwt., that is $\frac{1}{11}$. Let the Legis-

latures fix the alloy of furniture plate at 18 dwt., the British standard, and Congress that of their coin at one ounce in the pound, the French standard. This proportion has been found convenient for the alloy of gold coin and it will simplify the system of our Mint to alloy both metals in the same degree.

In preparing an Ordinance for establishing the unit of money within the United States, let it provide: That the alloy of the said coins of gold and silver shall be equal in weight to one eleventh part of the fine metal.

THOMAS JEFFERSON.

AUGUST 8, 1786.

Resolved: That the Standard of the United States of America for gold and silver, shall be eleven parts fine, and one part alloy.—*The Resolution of Coinage, Continental Congress.*

APRIL 28, 1791.

By the Resolution of the 8th of August, 1786, alloy is regulated to one-twelfth, or in other words, at 1 part alloy to 11 parts fine whether gold or silver; which appears to be a convenient rule.

This ratio, as it regards gold, coincides with the proportion, real or professed, in the coins of Portugal, England, France and Spain. In those of the two former, it is real; in those of the two

latter, there is a deduction for what is called *Remedy of weight and alloy*, which is in the nature of an allowance to the master of the mint for errors and imperfections in the process; rendering the coin either lighter or baser than it ought to be. The same thing is known in the theory of the English Mint, where $\frac{1}{6}$ of a carat is allowed. But the difference seems to be, that *there*, it is merely an occasional indemnity within a certain limit, for real and unavoidable errors and imperfections, whereas, in the practice of the Mints of France and Spain, it appears to amount to a stated and regular deviation from the nominal standard. Accordingly, the real standard of France and Spain are something worse than 22 carats, or 11 parts in 12 fine.

The principal gold coins in Germany, Holland, Sweden, Denmark, Poland, and Italy, are finer than those of England and Portugal, in different degrees, from 1 carat and $\frac{1}{4}$ to 1 carat and $\frac{3}{8}$, which last is within $\frac{1}{8}$ of a carat of pure gold.

There are similar diversities in the standards of the silver coins of the different countries of Europe. That of Great Britain is 222 parts fine, to 18 alloy; those of the other European nations vary from that of Great Britain as widely as from about 17 of the same parts better, to 75 worse.

Considerations of expediency lead to taking as our models those nations with whom we have the most intercourse, and whose coins are most prevalent in our circulation. These are Spain, Portugal, England and France.

It is apprehended that there are considerations which may render it prudent to establish by law, that the proportion of silver to copper in the gold coins of the United States shall not be more than ½, nor less than ⅓; vesting a discretion in some proper place to regulate the matter within those limits, as experience in the execution may recommend.

ALEXANDER HAMILTON.
Secretary of the Treasury.

COINAGE LAW OF APRIL 2, 1792.

SECTION 12. AND BE IT FURTHER ENACTED, THAT THE STANDARD FOR ALL GOLD COINS OF THE UNITED STATES SHALL BE ELEVEN PARTS FINE TO ONE PART ALLOY; AND ACCORDINGLY THAT ELEVEN PARTS IN TWELVE OF THE ENTIRE WEIGHT OF EACH OF THE SAID COINS SHALL CONSIST OF PURE GOLD, AND THE REMAINING ONE-TWELFTH PART OF ALLOY; AND THE SAID ALLOY SHALL BE COMPOSED OF SILVER AND COPPER IN SUCH PROPORTIONS NOT EXCEEDING ONE-HALF SILVER AS SHALL BE FOUND CONVENIENT; TO BE REGULATED BY THE DIRECTOR OF THE MINT, FOR THE TIME BEING, WITH APPROBATION OF THE PRESIDENT OF THE UNITED STATES, UNTIL FURTHER PROVISION SHALL BE MADE BY LAW. AND TO THE END THAT THE NECESSARY INFORMATION MAY BE HAD IN ORDER TO THE MAKING OF SUCH FURTHER PROVISION, IT SHALL BE THE DUTY OF THE DIRECTOR

OF THE MINT, AT THE EXPIRATION OF A YEAR AFTER COMMENCING THE OPERATIONS OF THE SAID MINT, TO REPORT TO CONGRESS THE PRACTICE THEREOF DURING THE SAID YEAR, TOUCHING THE COMPOSITION OF THE ALLOY OF THE SAID GOLD COINS, THE REASONS FOR SUCH PRACTICE, AND THE EXPERIMENTS AND OBSERVATION WHICH SHALL HAVE BEEN MADE CONCERNING THE EFFECTS OF DIFFERENT PROPORTIONS OF SILVER AND COPPER IN THE SAID ALLOY.

SECTION 13. AND BE IT FURTHER ENACTED, THAT THE STANDARD OF ALL SILVER COINS OF THE UNITED STATES, SHALL BE ONE THOUSAND, FOUR HUNDRED AND EIGHTY-FIVE PARTS OF FINE TO ONE HUNDRED AND SEVENTY-NINE PARTS ALLOY; AND ACCORDINGLY THAT ONE THOUSAND, FOUR HUNDRED AND EIGHTY-FIVE PARTS IN ONE THOUSAND, SIX HUNDRED AND SIXTY-FOUR PARTS OF THE ENTIRE WEIGHT OF EACH OF THE SAID COINS SHALL CONSIST OF PURE SILVER, AND THE REMAINING ONE HUNDRED AND SEVENTY-NINE PARTS OF ALLOY; WHICH ALLOY SHALL BE WHOLLY OF COPPER.

V.—CHARGES FOR COINAGE.

JANUARY 15, 1782.

In England the expense of coinage is paid by the Crown, and of course it is raised by taxes from the people. In France the Coinage instead

of being expensive, yields a profit. This coining (profit) is about 8 per cent.

It appears proper that the price of coining should be defrayed by the coinage, because, first it is natural and proper that the price should be paid when the benefit is received, and that the citizen in return for the advantage of being ascertained in the value of the medium of commerce by the Sovereign, should pay for ascertaining it, just as that he should pay for the fashion of the plate he uses, or the construction of the cart he employs; and it is proper that the coinage should only defray the expense, without making a considerable profit.

ROBERT MORRIS,
Superintendent of Finance.

MAY 13, 1785.

What is the best way of defraying the expense of coinage? Different nations have adopted different systems. The British value silver when coined, no higher than bullion; hence it follows that the expense of the Mint, increasing the civil list, must be paid by a general tax; and tradesmen are disposed to work up the current coin, by which the tax is increased and continued. In some other countries silver or gold when coined, are valued above the price of bullion; whence tradesmen are discouraged from melting or working up the current coin, and the mint is rather profitable than

burdensome. Certainly there are good and conclusive reasons why we should value the national coin above the price of bullion, but there is a certain point beyond which we may not proceed, lest we encourage counterfeits, or private imitations of our coin. It has been proposed to make a difference of 2½ per cent. merely as allowance for the coinage of gold, and of 3.013 per cent. for the coinage of silver. It is probable that 3 per cent. would more than defray the expense of coining silver, in which case it would be a temptation to private imitation, and would operate against the free circulation of the money as being valued too high. It is to be remembered that silver coin ought to be encouraged, and probably 2 per cent. would be a proper difference between silver coin and bullion; the same difference to be made in the price of gold.—*Report of a Grand Committee on the Money Unit.*

MONDAY, October 16, 1786.

For every pound troy weight of uncoined gold or foreign gold coin, 11 parts fine and one part alloy, 209 dollars, 7 dismes and 7 cents, money of the United States, as established by the resolves of Congress of the 8th of August last, and so in proportion to the fine gold contained in any coined or uncoined gold whatsoever.

For every pound troy weight of uncoined silver or foreign silver coin, 11 parts fine and one part

alloy, 13 dollars, 7 dismes, 7 cents and 7 mills, money of the United States, established as aforesaid; and so in proportion to the fine silver contained in any coined or uncoined silver whatsoever.—*Mint Ordinance.*

(NOTE.—The mint charge thus fixed is about two per cent., upon both gold and silver.)

APRIL 28, 1791.

A third point, whether the expense of coining shall be defrayed by the public, or out of the material itself; or, as it is sometimes stated, whether coinage shall be free, or shall be subject to a duty or imposition? This forms, perhaps, one of the nicest questions in the doctrine of money.

The practice of different nations is dissimilar in this particular. In England, coinage is said to be entirely free; the mint price of the metals in bullion being the same with the value of them in coins. In France, there is a duty, which has been, if it is not now, eight per cent. In Holland, there is a difference between the mint price and the value in the coins, which has been computed at .96, or something less than one per cent, upon gold; at 1.48, or something less than one and a half per cent., upon silver. The resolution of the 8th of August, 1786, proceeds upon the idea of a deduction of a half per cent. from gold, and of two per cent. from silver, as an indemnification

for the expense of coining. This is inferred from the report of the late board of treasury upon which that resolution appears to have been founded.

Upon the supposition that the expense of coinage ought to be defrayed out of the metals, there are two ways in which it may be effected; one, by a reduction of the quantity of fine gold or fine silver in the coins; the other, by establishing a difference between the value of those metals in the coins, and the mint price of them in bullion.

The first method appears to the Secretary inadmissible.

The second method of defraying the expense of the coinage out of the metals is greatly to be preferred. This is to let the same sum of money continue to represent in the new coins exactly the same quantity of gold or silver as it does in those now current; to allow at the mint such a price only for these metals as will admit of profit just sufficient to satisfy the expense of coinage.

The expectation of commercial advantages ought not to decide in favor of a duty on coinage. If it should be adopted, it ought not to be in the form of a deduction from the intrinsic value of the coins, and should absolutely exclude the idea of any difference whatever between the value of the metals in coin and in bullion. It is not clearly discerned that a small difference between the mint price of bullion, and the regulated value of the coins, would be pernicious, or that it might not even be admissible, in the first instance, by way

of experiment, merely as a preventive in the melting down and exportation of the coins.

The arguments for a coinage entirely free are, that it preserves the intrinsic value of the metals; that it makes the expense of fabrication a general instead of a partial tax; and that it tends to promote the abundance of gold and silver, which, it is alleged, will flow to that place where they find the best price, and from that place where they are in any degree undervalued.

It is, however, not probable, that a very small difference of value between coin and bullion can have any effect which ought to enter into calculation.

Under an impression that a small difference between the value of the coin and the mint price of bullion, is the least exceptional expedient for restraining the melting down, or exportation of the former, and not perceiving that, if it be a very moderate one, it can be hurtful in other respects—the Secretary is inclined to an experiment of one-half per cent. on each of the metals. It does not seem to be advisable to make any greater difference in regard to silver than to gold; because it is desirable that the proportion between the two metals in the market, should correspond with that in the coins, which would not be the case if the mint price of one was comparatively lower than that of the other; and because, also, silver being proposed to be rated in respect to gold, somewhat below its general commercial value, if there should be a disparity to its disadvantage in

the mint prices of the two metals, it would obstruct too much the bringing of it to be coined and would add an inducement to export it. Nor does it appear to the Secretary safe to make a greater difference between the value of coin and bullion, than has been mentioned.

ALEXANDER HAMILTON,
Secretary of the Treasury.

FEBRUARY , 1792.

As to the question on whom the expense of coinage is to fall, I have been so little able to make up an opinion satisfactory to myself as to be ready to concur in either decision.

THOMAS JEFFERSON.

COINAGE LAW OF APRIL 2, 1792.

SECTION 14. AND BE IT FURTHER ENACTED, THAT IT SHALL BE LAWFUL FOR ANY PERSON OR PERSONS TO BRING TO THE SAID MINT GOLD AND SILVER BULLION IN ORDER TO THEIR BEING COINED; AND THAT THE BULLION SO BROUGHT SHALL BE THERE ASSAYED AND COINED AS SPEEDILY AS MAY BE AFTER THE RECEIPT THEREOF, AND THAT FREE OF EXPENSE TO THE PERSON OR PERSONS BY WHOM THE SAME SHALL HAVE BEEN BROUGHT. AND AS SOON AS THE SAID BULLION SHALL HAVE BEEN COINED, THE PERSON OR PERSONS BY WHOM THE SAME SHALL

HAVE BEEN DELIVERED, SHALL UPON DEMAND RECEIVE IN LIEU THEREOF COINS OF THE SAME SPECIES OF BULLION WHICH SHALL HAVE BEEN SO DELIVERED, WEIGHT FOR WEIGHT, OF PURE GOLD OR PURE SILVER THEREIN CONTAINED; PROVIDED NEVERTHELESS, THAT IT SHALL BE AT THE MUTUAL OPTION OF THE PARTY OR PARTIES BRINGING SUCH BULLION, AND OF THE DIRECTION OF THE SAID MINT, TO MAKE AN IMMEDIATE EXCHANGE OF COINS FOR STANDARD BULLION, WITH A DEDUCTION OF ONE-HALF PER CENT. FROM THE WEIGHT OF THE PURE GOLD, OR PURE SILVER CONTAINED IN THE SAID BULLION, AS AN INDEMNIFICATION TO THE MINT FOR THE TIME WHICH WILL NECESSARILY BE REQUIRED FOR COINING THE SAID BULLION, AND FOR THE ADVANCE WHICH SHALL HAVE BEEN SO MADE IN COINS. * * * AND THE SAID DEDUCTION OF ONE-HALF PER CENT. SHALL CONSTITUTE A FUND TOWARDS DEFRAYING THE EXPENSES OF THE SAID MINT.

VI.—STANDARDS OF VALUE.

JANUARY 15, 1782.

Although most nations have coined copper, yet the metal is so impure that it has never been considered as constituting the money standard. This is affixed to the two precious metals, because they alone will admit of having their intrinsic value precisely ascertained; but nations differ very

much in the relation they have established between gold and silver. In some European countries an ounce of pure gold passes for fifteen ounces of pure silver; in others for fourteen. In China it passes for much less. The standard, therefore, which is affixed to both metals, is in reality affixed to neither.

Arguments are unnecessary to show that the scale by which eveything is to be measured ought to be as fixed as the nature of things will permit of. Since, therefore, a money standard affixed to both the precious metals will not give the certain scale, it is better to make use of the one only. Gold is more valuable than silver, and so far must have the preference, but it is from that very circumstance the more exposed to fraudulent practices. Its value rendering it more portable is an advantage, but it is an advantage which paper possesses in a much greater degree, and of consequence the commercial nation of England has had recourse to paper for the purpose of its Trade; although the mass of circulating coin is gold. It will always be in our power to carry a paper circulation to every proper extent. There can be no doubt, therefore, that our money standard ought to be affixed to silver. But silver is liable like everything else to a change of value, if there is a demand for it, to export, the value will rise, if the contrary it will fall, and so far it cannot be considered as a fixed measure of value.

ROBERT MORRIS,
Superintendent of Finance.

----------, 1783.

Just principles will lead us to disregard legal proportions altogether; to enquire into the market price of gold in the several countries with which we shall principally be connected in Commerce, and to take an average from them. Perhaps we might with safety lean to a proportion somewhat above par for gold, considering our neighborhood and commerce with the sources of the coins and the tendency which the high price of gold in Spain has to draw thither all that of their mines, leaving silver principally for our and other markets. Should the unit be fixed at 365 grains of pure silver, gold at 15 to 1, and the alloy of both be one-twelfth the weight of the coins can be determined.

The quantity of fine silver, which shall constitute the unit being settled and the proportion of the value of gold to that of silver; a table should be formed from assay, classing the several foreign coins according to their fineness, declaring the worth of a pennyweight or grain in each class and that they shall be lawful tender at those rates if not clipped or otherwise diminished, and where diminished, offering their value for them at the mint, deducting the expense of recoinage.

THOMAS JEFFERSON.

May 13, 1785.

Propositions respecting the coinage of gold, silver and copper.

1st. The value of silver compared with gold: In France 1 grain of pure gold is counted worth 15 grains of silver. In Spain 16 grains of silver are exchanged for 1 of gold, and in England 15½. In both of the Kingdoms last mentioned, gold is the prevailing money, because silver is under valued. In France silver prevails. Sundry advantages would arise to us from a system by which silver might become the prevailing money. This would operate as a bounty to draw it from our neighbors by whom it is not sufficiently esteemed. Silver is not exported so easily as gold and it is a more useful metal.

The quantity of pure silver being fixed that is to be in the unit or Dlr and the relations between silver and gold being fixed, all the other weights must follow.—*Report of a Grand Committee on the Money Unit.*

Tuesday, August 8, 1786.

On a report of the Board of Treasury,

Resolved, That the standard of the United States of America for gold and silver, shall be eleven parts fine, and one part alloy.

That the money unit of the United States, being by the resolve of Congress of the 6th of July, 1785, a dollar, shall contain of fine silver, 375 $\frac{64}{100}$ grains.

That there shall be two gold coins; one containing 246 $\frac{268}{1000}$ grains of fine gold, equal to 10 dollars and to be stamped with the impression of the American Eagle, and to be called an Eagle:

One containing 123 $\frac{134}{1000}$ grains of fine gold, equal to 5 dollars, to be stamped in like manner, and to be called a half Eagle.—*The Resolutions on Coinage, Continental Congress.*

APRIL 28, 1791.

The circumstance in favor of the dollar, loses much of its weight from two considerations, that species of coin has never had any settled or standard value according to weight or fineness, but has been permitted to circulate by tale, without regard to either, very much as a mere money of convenience, while gold has had a fixed price by weight, and with an eye to its fineness. This greater stability of value of the gold coins, is an argument of force for regarding the money unit as having been hitherto virtually attached to gold, rather than to silver.

If each of them (gold and silver) be as valid as the other, in payments to any amount, it is not obvious in what effectual sense, either of them can be deemed the Money Unit, rather than the other. * * * Perhaps, if either were to be preferred, it ought to be gold rather than silver. * * * The first and most simple impressions do not naturally incline to giving a preference to the inferior or least valuable of the two metals. * * *

If gold be most convenient in large payments, silver is best adapted to the more minute and ordinary circulation.

The Unit, in the coins of the United States, ought to correspond with 24 grains and $\frac{3}{4}$ of a grain of pure gold, and with 371 grains and $\frac{1}{4}$ of a grain of pure silver, each answering to a dollar in the money of account. The former is exactly agreeable to the present value of gold, and the latter is within a fraction of the mean of the two last emissions of dollars—the only ones which are now found in common circulation, and of which the newest is in the greatest abundance.

ALEXANDER HAMILTON,
Secretary of the Treasury.

COINAGE LAW OF APRIL 2, 1792.

SECTION 9. AND BE IT FURTHER ENACTED, THAT THERE SHALL BE FROM TIME TO TIME STRUCK AND COINED AT THE SAID MINT, COINS OF GOLD, SILVER OR COPPER. * * * EAGLES (GOLD) EACH TO BE OF THE VALUE OF TEN DOLLARS OR UNITS. * * * DOLLARS (SILVER) OR UNITS.

VII.—RATIO OF VALUE BETWEEN GOLD AND SILVER.

APRIL 19, 1776.

Resolved:—That the several Gold and Silver Coins passing in the said Colonies shall be received into the public treasury of the Continent, and paid out in exchange for bills emitted by authority of Congress, when the same shall become due, at the rates set down in the following table:

Report of a Committee appointed to ascertain the relative value of current specie, and its relation to the Spanish milled dollar, etc, Continental Congress.

NOTE: The relation indicated in this table between the English guineas and English crowns *supposing them to be of full weight*, is nearly the English legal ratio of 16.21 to 1.

JANUARY 15, 1782.

In England gold is to silver nearly in the proportion of one to fifteen, and in France nearly of one to fourteen. If a man carries fourteen ounces of gold from France to England he receives two hundred and ten ounces of silver which in France purchases fifteen ounces of gold, so that he gains on that exchange one ounce of gold. In like manner he who carries from England fourteen ounces of silver to France receives one ounce of gold, which in England purchases fifteen ounces

of silver, and therefore he gains on that exchange one ounce of silver.

If it be then supposed that the coins of these two countries were alike pure, it must follow that in a short time all the gold coin of full weight would be in England; and all the silver coin of full weight in France. But the light silver circulating in England and the light gold in France, the real standard of coin in each would be different from the legal, and seek a medium of fourteen and a half of silver for one of gold, although the legal standard (ratio) might be in one place fifteen, and in the other fourteen.

The demand which commerce might make for any one of the precious metals in preference to the other, would vary this real standard (commercial ratio) from time to time, and in every payment a man would get more or less of real value for his debt, according as he was paid in the coin of greater or lesser nature, in relation to the real standard (commercial ratio). If, for instance, the debt were contracted when the silver was to gold, as one to fifteen, and paid when as one to fourteen; if the debt were paid in silver he would gain one-thirtieth, and if in gold he would lose one-thirtieth.

ROBERT MORRIS,
Superintendent of Finance.

12th DECEMBER, 1782.

Ordinance Proposed for the Valuation of Foreign Coins.

After the first day of January in the year of our Lord one thousand seven hundred and eighty-three, English silver coin be received at the rate of one dollar and sixteen-ninetieths of a dollar by the ounce, Dutch silver coin at the rate of one dollar and fifteen-ninetieths by the ounce, French silver coin at the rate of one dollar and fourteen ninetieths, Portugeeze silver coin at the rate of one dollar and thirteen-ninetieths by the ounce, English, Spanish and Portugeeze gold coin at the rate of seventeen dollars by the ounce, and French gold coin at the rate of sixteen dollars and sixty-eight ninetieths by the ounce.

I take the liberty to observe, Sir, that this estimation of coins is formed upon the quantity of alloy which they respectively contain.

The weight of each particular piece current among us is so indeterminate that the value by tale (denomination) cannot be fixed; but whenever the rates at which they go as bullion are known, a table may be formed in each state for the tale according to the customary weights which prevail.

ROBERT MORRIS,
Superintendent of Finance.

(Note: The rating of English standard silver at $1\frac{16}{100}$ dollars per ounce implies that the "dollar" should contain 377.02 grains of pure silver, and the

rule that seventeen of these dollars should be equivalent to an ounce of English standard gold implies that this dollar was equivalent of 25.882 grains of pure gold. The ratio between the two metals as thus fixed is 1 to 14.56, which very nearly coincides with the then French legal ratio, and with the market ratio of the metals in Europe.)

----------, 1783.

The proportion between the values of gold and silver is a mercantile problem altogether. It would be inaccurate to fix it by the popular exchanges of a half Joe for eight dollars, a Louis for 4 French crowns or five Louis for 23 dollars. The first of these would be to adopt the Spanish proportion between gold and silver; the second the French, the third a mere popular barter, wherein convenience is consulted more than accuracy. The legal proportion in Spain is 16 for 1, in England 15½ for 1, in France (uncertain in the U. S. in printed copy) 15 for 1. The Spaniards and English are found in experience to retain an over proportion of gold coins and to lose their silver. The French have a greater proportion of silver. The difference at market has been on the decrease. The *Financier* states it at present at 14½ for 1.

Just principles will lead us to disregard legal (foreign legal) proportions altogether; to enquire into the market price of gold in the several countries with which we shall principally be connected

in commerce, and to take an average from them. Perhaps, we might with safety lean to a proportion somewhat above par for gold, considering our neighborhood and commerce with the sources of the coins and the tendency which the high price of gold in Spain has to draw thither all that of their mines, leaving silver principally for our and other markets. It is not impossible that 15 for 1 may be found an eligible proportion. I state it, however, as conjectural only.

Suppose then they (the Committee of States) be instructed: To appoint proper persons to enquire *what are the proper proportions between the values of fine gold and fine silver at the markets, of the several countries with which we are or probably may be connected and what should be the proper proportions here*, having regard to the average of their values at those markets and to other circumstances and to report the same to the Committee to be by them laid before Congress.

THOMAS JEFFERSON.

MAY 13, 1785.

Propositions respecting the coinage of gold, silver and copper.

1st. The value of silver compared with gold.

In France 1 grain of pure gold is counted worth 15 grains of silver. In Spain 16 grains of silver are exchanged for one of gold and in England $15\frac{1}{3}$.

Certainly our exchange should not be more than

15 grains of silver for 1 of gold. It has been alledged by the late *Financier* that we should not give more than $14\frac{1}{2}$, perhaps $14\frac{3}{4}$ would be a better medium considering the quantity of gold that may be expected from Portugal.—*Report of a Grand Committee on the Money Unit, Continental Congress.*

APRIL 8, 1786.

The coinage system proposed to Congress by the Board of Treasury.

The report was in triplicate:

Report No. 1 proposed a ratio of 15.256 between coins.

NOTE: The intention was expressed of fixing the relative price of Bullion at the Mint of 15.47, but the mint price was not fixed to correspond to this intention. In the choice of the ratio the Board alludes to the ratio prevailing at that time in America at 15.60, but do not mention the details upon which the statement was based.

Report No. 2 proposes the relative price of Bullion at the Mint at 14.97, the ratio of the Coin, 14.749.

Report No. 3 proposes the ratio of the Coin at 15 to 1, while the relative price of Bullion would be 15.22.

SAMUEL OSGOOD.
WALTER LIVINGSTON.

MONDAY, October 16, 1786.

It is hereby ordered:

An Assay Master, whose duty it shall be to receive gold and silver in bullion, or foreign coin, to assay same and to give his certificates for the value thereof at the following rates:

For every pound troy weight of uncoined gold or foreign gold coin, eleven parts fine and one part alloy, 209 dollars, 7 dismes and 7 cents, money of the United States, as established by the resolves of Congress of the 8th of August last, and so in proportion to the fine gold contained in any coined or uncoined gold whatsoever.

For every pound troy weight of uncoined silver, or foreign silver coin, eleven parts fine and one part alloy, 13 dollars, 7 dismes, 7 cents and 7 mills, money of the United States, established as aforesaid; and as in proportion to the fine silver contained in any coined or uncoined silver whatsoever.—*Mint Ordinance.*

NOTE: The mint charge, fixed is about two per cent. upon both gold and silver, bringing the rate of bullion at the mint to 15.22, a little below the ratio in the coin.

APRIL 28, 1791.

The difference established by custom in the United States, between coined gold and coined silver has been stated, upon another occasion, to be nearly as 1 to 15.6. This, if truly the case, would

imply that gold was extremely over valued in the United States; for the highest *actual proportion*, in any part of Europe, very little, if at all, exceeds 1 to 15; and the average proportion throughout Europe is probably not more than about 1 to 14.8. But that statement has proceeded upon the idea of the ancient dollar. The pennyweight of gold of twenty-two carats fine, at 6s. 8d., and the old Seville piece of 386 grains and 15 mits of pure silver, at 7s. 6d., furnishes the exact ratio of 1 to 15.6262. *But this does not coincide with the real difference between the metals in our market, or, which is with us the same thing, in our currency. To determine this, the quantity of fine silver in the general mass of the dollars now in circulation must afford the rule.* Taking the rate of the late dollar of 374 grains, the proportion would be as 1 to 15.11. Taking the rate of the newest dollar the proportion would be as 1 to 14.87. The mean of the two would give the proportion of 1 to 15, very nearly; less than the legal proportion in the coins of Great Britain, which is as 1 to 15.2; but is somewhat more than the actual or market proportions, which is not quite 1 to 15.

If then the unit ought not to be attached exclusively to either of the metals, the proportion which ought to subsist between them in the coins, becomes a preliminary inquiry, in order to its proper adjustment. This proportion appears to be, in several views, of no inconsiderable moment.

One consequence of over valuing either metal, in respect to the others, is the banishment of that which

is under valued. If two countries are supposed in one of which the proportion of gold to silver is as 1 to 16, in the other as 1 to 15, gold being worth more, silver less, in one than in the other, it is manifest that, in their reciprocal payments, each will select that species which is valued least, to pay to the other where it is valued most. Besides this, the dealers in money will, from the same cause, often find a profitable traffic in an exchange of the metals between the two countries. And hence it would come to pass, if other things were equal, that the greatest part of the gold would be collected in one, and the greatest part of the silver in the other. The course of trade might in some degree counteract the tendency of the difference in the legal proportions by the market value; but this is so far and so often influenced by the legal rates, that it does not prevent their producing the effects which is inferred. Facts, too, verify the inference. In Spain and England, where gold is rated higher than in other parts of Europe, there is a scarcity of silver; while it (silver) is found to abound in France and Holland, where it is rated higher in proportion to gold than in the neighboring nations, and it (silver) is continually flowing from Europe to China and the East Indies owing to the comparative cheapness of it in the former, and dearness of it in the latter.

General utility will best be promoted by a due proportion of both metals. If gold be most convenient in large payments, silver is best adapted to the more minute and ordinary circulation.

But it is suspected that there is another consequence, more serious than the one which has been mentioned, this is the diminution of the total quantity of specie which a country would naturally possess.

It is evident that as often as a country, which over rates either of the metals, secures a payment in that metal, it gets a less actual quantity than it ought to do, or than it would do if the rate were a just one.

It is also equally evident, that there will be a continual effort to make payment to it in that species to which it has annexed an exaggerated estimation, wherever it is current at a less proportional value. And it would seem to be a very natural effect of these two causes, not only that the mass of the precious metals in the country in question would consist chiefly of that kind to which it had given an extraordinary *value*, but that it would be absolutely less than if they had been duly proportioned to each other.

What influence the proportion under consideration may have upon the state of prices, and how far this may counteract its tendency to increase or lessen the quantity of the metals, are points not easy to be developed; and yet they are very necessary to an accurate judgment of the true operation of the thing.

But however impossible it may be to pronounce with certainty, that the possession of a less quantity of specie is a consequence of over valuing either of the metals, there is enough of probability

in the considerations which seem to indicate it, to form an argument of weight against such over valuation.

A third ill consequence resulting from it is, a greater and more frequent disturbance of the state of the money unit, by a greater and more frequent diversity between the legal and market proportions of the metals. This has not hitherto been experienced in the United States, but it has been experienced elsewhere; and from its not having been felt by us hitherto, it does not follow that this will not be the case hereafter, when our commerce shall have attained a maturity, which will place it under the influence of more fixed principles.

In establishing a proportion between the metals, there seems to be an option of one of two things.

To approach, as nearly as it can be ascertained, the mean or average proportion, in what may be called the commercial world; or, to retain that which now exists in the United States. As far as these happen to coincide, they will render the course to be pursued more plain and more certain.

To ascertain the first, with precision, would require better materials than are possessed, or than could be obtained, without an inconvenient delay.

Sir Isaac Newton, in a representation to the Treasury of Great Britain in the year 1717, after stating the particular proportions in the different countries of Europe concludes thus: "By the course of trade and exchange between nation and nation, in all Europe, fine gold is to fine silver as $14\frac{4}{9}$, or 15 to 1."

But however accurate and decisive this authority may be deemed in relation to the period to which it applies, it cannot be taken, at a distance of more than seventy years, as a rule for determining the existing proportions. Alterations have since been made in the regulations of their coins by several nations; which, as well as the course of trade, have an influence upon market values. Nevertheless, there is reason to believe, that the state of the matter, as represented by Sir Isaac Newton, is not very remote from its actual state.

In Holland, the greatest *Money* market of Europe, gold was to silver, in December, 1789, as 1 to 14.88; and in that of London it has been, for some time past, but little different, approaching perhaps something nearer 1 to 15.

It has been seen that the existing proportions between the two metals in this country is about 1 to 15.

This proposition of 1 to 15 is recommended by the particular situation of our trade, as being very nearly that which obtains in the market of Great Britian; to which nation our specie is principally exported. A lower rate for either of the metals, in our market, than in hers, might not only afford a motive the more, in certain cases, to remit in specie rather than in commodities; but it might, in some others, cause us to pay a greater quantity of it for a given sum than we should otherwise do. If the effect should rather be to occasion a premium to be given for the metal which was

under rated, this would obviate these disadvantages; but it would involve another, a customary difference between the market and legal proportions, which would amount to a species of disorder in the national coinage.

Looking forward to the payments of interest hereafter to be made to Holland, the same proportion does not appear ineligible. The present legal proportion in the coins of Holland is stated at 1 to $14\frac{9}{10}$. That of the market varies somewhat at difierent times, but seldom very widely from this point.

There can hardly be a better rule in any country, for the legal, than the market proportion, if this can be supposed to have been produced by the free and steady course of commercial principles. *The presumption in such case is, that each metal finds its true level, according to its intrinsic utility, in the general system of money operations.*

But it must be admitted that this argument in favor of continuing the existing proportion is not applicable to the state of the coins with us. There have been too many artificial and heterogeneous ingredients—too much want of order in the pecuniary transactions of this country—to authorize attributing the effects which have appeared to the regular operations of commerce. A proof of this is to be drawn from the alterations which have happened in the proportion between the metals merely by the successive degredations of the dollar, in consequence of the mutability of a foreign mint. The value of gold to silver appears

to have declined wholly from this cause, from $15\frac{6}{10}$ to about 15 to 1; yet, as this last proportion, however produced, coincides so nearly with what may be deemed the commercial average it may be supposed to furnish as good a rule as can be pursued.

The only question seems to be, whether the value of gold ought not to be a little lowered, to bring it to a more exact level with the two markets which have been mentioned; but, as the ratio of 1 to 15 is so nearly conformable to the state of those markets, and best agrees with that of our own, it will probably be found the most eligible. If the market of Spain continues to give a higher value to gold (as it has done in time past) than that which is recommended, there may be some advantage in a middle station.

ALEXANDER HAMILTON,
Secretary of the Treasury.

FEBRUARY ——, 1792.

I concur with you in the proportion you establish between the value of the two metals.

THOMAS JEFFERSON.

COINAGE LAW OF APRIL 2, 1792.

SECTION 11. AND BE IT FURTHER ENACTED, THAT THE PROPORTIONAL VALUE OF GOLD TO

SILVER IN ALL COINS WHICH SHALL BY LAW BE CURRENT AS MONEY WITHIN THE UNITED STATES, SHALL BE AS FIFTEEN TO ONE, ACCORDING TO QUANTITY IN WEIGHT, OF PURE GOLD OR PURE SILVER; THAT IS TO SAY, EVERY FIFTEEN POUNDS WEIGHT OF PURE SILVER SHALL BE OF EQUAL VALUE IN ALL PAYMENTS, WITH ONE POUND OF PURE GOLD, AND SO IN PROPORTION AS TO ANY GREATER OR LESS QUANTITIES OF THE RESPECTIVE METALS.

VIII.—WEIGHT OF COINS.

JANUARY 15, 1782.

A dollar contains by the best assays which I have been able to get, about 373 grains of fine silver.

ROBERT MORRIS,
Superintendent of Finance.

----------, 1783.

If we determine that a dollar shall be our unit, we must then say with precision what a dollar is. This coin as struck at different times, of different weights and fineness, is of different values. Sir Isaac Newton's assay and representation to the lords of the treasury in 1717 of those which he examined makes their values as follows:

The Seville pieces of Eight,	. .	387 grains of pure silver
The Mexico pieces of Eight,	. .	$385\frac{1}{2}$ " " " "
The Pillar pieces of Eight,	. .	$385\frac{3}{4}$ " " " "
The new Seville pieces of Eight,	.	$308\frac{7}{10}$ " " " "

The *Financier* states the old dollar as containing 376 grains of fine silver and the new 365 grains. If the dollar circulating among us be of every date equally, we should examine the quantity of pure metal in each and from them form an average unit. This is a work proper to be committed to mathematicians as well as merchants, and which should be decided on actual and accurate experiment.

Should the unit be fixed at 365 grains of pure silver, gold at 15 for 1, and the alloy of both to be one-twelfth the weight of the coins will be as follows:

Character of Coins.	Denominational Value.	Grains Pure Metal.	Grains Alloy.	Weight. Dwt.	Grs.
The gold piece containing .	$10.00	243⅓	22.12	11	.145
The unit or dollar	1.00	365	36.18	16	14.18
The half dollar or 5-tenths .	.50	182½	16.59	8	7.09
The fifth or pistareen . . .	.20	73	6.63	3	7.63
The tenth or bit	.10	36½	3.318	1	15.818
The twentieth or half bit .	.115	18¼	1.659		19.9

Suppose then the Committee of States be instructed to prepare an ordinance, that *the money unit of these United States shall be equal in value to a Spanish milled dollar containing so much fine silver as the assay before directed shall show to be contained on an average in dollars of the several dates circulating with us.*

THOMAS JEFFERSON.

MAY 13, 1785.

When it is considered that the Spaniards have been reducing the weight of their Dlrs and that

instead of 385, the grains of pure silver in the old Mexico dollar, the new dollars have not more than 365 grains, it will hardly be thought that 362 grains of pure silver is too little for the federal coin which is to pass current in all payments for one dollar.—*Report of a Grand Committee on the Money Unit.*

APRIL 8, 1786.

Coinage system proposed to Congress by the Board of Treasury. The report was in triplicate, and contained three distinct schemes, each of which was set forth with great particularity. The proposals were as follows:

Report No. 1 Silver Dollars, . . .	375.64	grains fine.
Report No. 2 Silver Dollars, . . .	350.09	grains fine.
Report No. 3 Silver Dollars, . . .	521.73	grains fine.
Report No. 1 Gold Pieces per Dollar, .	24.6268	grains fine.
Report No. 2 Gold Pieces per Dollar, .	23.79	grains fine.
Report No. 3 Gold Pieces per Dollar, .	34.782	grains fine.

SAMUEL OSGOOD,
WALTER LIVINGSTON.

TUESDAY, August 8, 1786.

Resolved, That the money unit of the United States, being by the resolve of Congress of the 6th of July, 1785, a dollar, shall contain of fine silver $375\frac{64}{100}$, *grains.*

That betwixt the dollar and the copper coin, as fixed by the resolve of Congress of the 6th of

July, 1785, there shall be three silver coins. One containing $187\frac{852}{1000}$ grains of fine silver to be called a half dollar.

One containing $75\frac{128}{1000}$ grains of fine silver, to be called a double disme.

And one containing $37\frac{5600}{10000}$ grains of fine silver, to be called a disme.

And there shall be two gold coins:

One containing $246\frac{268}{1000}$ grains of fine gold, equal to 10 dollars, and to be stamped with the impression of the American Eagle, and to be called an Eagle.

One containing $123\frac{134}{1000}$ grains of fine gold, equal to 5 dollars, be stamped in like manner, and to be called a half eagle.—*Resolution of Coinage.*

April 28, 1791.

According to the authority on which the Secretary places reliance, the standard of Spain for its silver coin in the year 1761 was 377 grains of fine silver. But there is no question that this standard has been since altered considerably for the worse: what precise point, it is not as well ascertained as could be wished; but, from a computation of the value of dollars in the markets both of Amsterdam and London (a criterion which cannot materially mislead) the new dollar appears to contain about 368 grains of fine silver, and that which immediately preceded it about 374 grains. In this state of things, there is some difficulty in de-

fining the dollar, which is to be understood as constituting the present money unit, on the supposition of its being more applicable to that species of coin.

The sum in the money of account of each state, corresponding with the nominal value of the dollar in each state, corresponds also with 24 grains and $\frac{6}{8}$ of a grain of fine gold; and with something between 368 and 374 grains of fine silver.

The conclusion to be drawn from the observations which have been made on the subject is this: That the unit, in the coins of the United States, ought to correspond with 24 grains and $\frac{3}{4}$ of a grain of pure gold, and with 371 grains and $\frac{1}{4}$ of a grain of pure silver, each answering to a dollar in money of account.

ALEXANDER HAMILTON,
Secretary of the Treasury.

FEBRUARY ——, 1792.

Should it be thought that Congress may reduce the value of the dollar, *I should be for adopting for our unit, instead of the dollar, either one ounce of pure silver, or one ounce of standard silver, so as to keep the unit of money a part of the system of measures, weights and coins.*

THOMAS JEFFERSON.

COINAGE LAW OF APRIL 2, 1792.

SECTION 9. AND BE IT FURTHER ENACTED, THAT THERE SHALL BE FROM TIME TO TIME

STRUCK AND COINED AT THE SAID MINT, COINS OF GOLD, SILVER AND COPPER, OF THE FOLLOWING DENOMINATIONS, VALUES AND DESCRIPTIONS, VIZ: EAGLES—EACH TO BE OF THE VALUE OF TEN DOLLARS OR UNIT, AND TO CONTAIN TWO HUNDRED AND FORTY-SEVEN GRAINS AND FOUR-EIGHTHS OF A GRAIN OF PURE, OR TWO HUNDRED AND SEVENTY GRAINS OF STANDARD GOLD. HALF EAGLES—EACH TO BE OF THE VALUE OF FIVE DOLLARS, AND TO CONTAIN ONE HUNDRED AND TWENTY-THREE GRAINS AND SIX-EIGHTHS OF A GRAIN OF PURE, OR ONE HUNDRED AND THIRTY-FIVE GRAINS OF STANDARD GOLD. QUARTER EAGLES—EACH TO BE OF THE VALUE OF TWO DOLLARS AND A HALF DOLLAR, AND TO CONTAIN SIXTY-ONE GRAINS AND SEVEN-EIGHTHS OF A GRAIN OF PURE, OR SIXTY-SEVEN GRAINS AND FOUR-EIGHTHS OF A GRAIN OF STANDARD GOLD. DOLLARS OR UNITS—EACH TO BE OF THE VALUE OF A SPANISH MILLED DOLLAR AS THE SAME IS NOW CURRENT, AND TO CONTAIN THREE HUNDRED AND SEVENTY-ONE GRAINS AND FOUR-SIXTEENTH PARTS OF A GRAIN OF PURE, OR FOUR HUNDRED AND SIXTEEN GRAINS OF STANDARD SILVER. HALF DOLLARS—EACH TO BE OF HALF THE VALUE OF THE DOLLAR OR UNIT, AND TO CONTAIN ONE HUNDRED AND EIGHTY-FIVE GRAINS AND TEN-SIXTEENTH PARTS OF A GRAIN OF PURE, OR TWO HUNDRED AND EIGHT GRAINS OF STANDARD SILVER. QUARTER DOLLARS—EACH TO BE OF ONE-FOURTH THE VALUE OF THE DOLLAR OR UNIT, AND TO CONTAIN NINETY-TWO GRAINS AND THIRTEEN-SIXTEENTH PARTS OF A GRAIN OF PURE, OR

ONE HUNDRED AND FOUR GRAINS OF STANDARD SILVER. DISMES—EACH TO BE OF THE VALUE OF ONE-TENTH OF A DOLLAR OR UNIT, AND TO CONTAIN THIRTY-SEVEN GRAINS AND TWO-SIXTEENTH PARTS OF A GRAIN OF PURE, OR FORTY-ONE GRAINS AND THREE-FIFTH PARTS OF A GRAIN OF STANDARD SILVER. HALF DISMES—EACH TO BE OF THE VALUE OF ONE-TWENTIETH OF A DOLLAR, AND TO CONTAIN EIGHTEEN GRAINS AND NINE-SIXTEENTH PARTS OF A GRAIN OF PURE OR TWENTY GRAINS AND FOUR-FIFTH PARTS OF A GRAIN OF STANDARD SILVER.

IX.—DEBASEMENT OF COINS.

JANUARY 15, 1782.

Both gold and silver coins are indeed preferable in one respect to common Bullion, that the standard is presumed to be just, and consequently they are received without the delays and expense of assaying. It must however be remembered, that they are foreign coins, and of course we are not only exposed to the tricks of individuals but should it suit the interest or convenience of any Sovereign to make base money for us, there is nothing to prevent it. If for instance, the King of England, or any of his Birmingham Artists, should coin guineas worth but sixteen shillings sterling our citizens would readily and freely receive them at twenty-one shillings sterling.

It is my duty to mention to Congress informa-

tion I have received, that Guineas of base metal are coined in Birmingham so well as to escape any common attention.

If a greater alloy should be introduced by the Spanish Government into their dollars our interior regulations as to money would be overturned, and certainly we have no security that this will not happen.

It is possible that the new money will at first be received with diffidence by some, yet *when it has been fairly assayed it will gain full confidence from all.*

ROBERT MORRIS,
Superintendent of Finance.

----------, 1783.

The Legislatures should co-operate with Congress in providing that no money be received or paid at their treasuries, or by any of their officers, or any bank *but on actual weight;* in making it criminal in a high degree to diminish their own coins, and in some smaller degree to offer them in payment when diminished.

THOMAS JEFFERSON.

MAY 13, 1785.

There are no materials from which we can estimate the weight of half pence that have been

imported from Britain since the late war, but we have heard of sundry shipments being ordered, to the nominal amount of 1,000 guineas, and we are told that no Packet arrives from England by which we are not accommodated with some hundred weight of base half pence. It is a very moderate computation which stated our loss on the last twelve months at thirty thousand dollars by the commerce of vile coin.—*Report of a Grand Committee on the Money Unit.*

April 28, 1791.

The dollar originally contemplated in the money transactions of this country, by successive diminutions of its weight and fineness, has sustained a depreciation of five per cent.; and yet the new dollar has a currency, in all payments in place of the old, with scarcely any attention to the difference between them. The operation of this in depreciating the value of property depending upon past contracts, and (as far as inattention to the Alteration in the coin may be supposed to leave prices stationary) of all other property is apparent. Nor can it require argument to prove that a nation ought not to suffer the value of the property of its citizens to fluctuate with the fluctuations of a foreign mint, and to change with the changes in its regulations of a foreign Sovereign.

The unequal values allowed, in different parts of the Union, to coins of the same intrinsic worth; the defective species of them which embarrass the

circulation of some of the States; and the dissimilarity in their several moneys of account, are inconveniences which, if not to be ascribed to the want of a national coinage, will at least be most effectually remedied by the establishment of one, a measure that will, at the same time, give additional security against impositions by counterfeit as well as by base currencies.

To declare that a less weight of gold or silver shall pass for the same sum, which before represented a greater weight; or to ordain that the same weight shall pass for a greater sum, are things substantially of one nature. The consequence of either of them, if the change can be realized, is to degrade the money unit; obliging creditors to receive less than their just dues; and depreciating property of every kind; for it is manifest that everything would, in this case, be represented by a less quantity of gold and silver than before.

But the quantity of gold and silver in the national coins, corresponding with a given sum, cannot be made less than heretofore without disturbing the balance of intrinsic value, and making every acre of land, as well as every bushel of wheat, of less actual worth than in time past. If the United States were isolated and cut off from all intercourse with the rest of mankind, this reasoning would not be equally conclusive. But it appears decisive, when considered with a view to the relations which commerce has created between us and other countries.

A general revolution in prices, though only nominal, and in appearance, could not fail to distract the ideas of the Community; and would be apt to breed discontents as well among those who live on the income of their money, as among the poorer classes of the people, to whom the necessaries of life would seem to have become dearer. Among the evils attendant on such a operation, are these: creditors both of the public and of individuals, would lose a part of their property; public and private credit would receive a wound; the effective revenues of the government would be diminished. There is scarcely any point in the economy of national affairs, of greater moment than the uniform preservation of the intrinsic value of the money unit. On this the security and steady value of property essentially depend.

It must be not a little difficult to keep the money of the world, which can be employed to an equal purpose in the commerce of the world, in a state of degradation, in comparison with the money of a particular country.

ALEXANDER HAMILTON,
Secretary of the Treasury.

COINAGE LAW OF APRIL 2, 1792.

SECTION 19. AND BE IT FURTHER ENACTED, THAT IF ANY OF THE GOLD OR SILVER COINS WHICH SHALL BE STRUCK OR COINED AT THE SAID MINT SHALL BE DEBASED OR MADE WORSE AS TO THE PROPORTION OF FINE GOLD OR FINE SILVER THEREIN

CONTAINED, OR SHALL BE OF LESS WEIGHT OR VALUE THAN THE SAME OUGHT TO BE PURSUANT TO THE DIRECTIONS OF THIS ACT, THROUGH THE DEFAULT OR WITH THE CONNIVANCE OF ANY OF THE OFFICERS OR PERSONS WHO SHALL BE EMPLOYED AT THE SAID MINT, FOR THE PURPOSE OF PROFIT OR GAIN, OR OTHERWISE WITH A FRAUDULENT INTENT, AND IF ANY OF THE SAID OFFICERS OR PERSONS SHALL EMBEZZLE ANY OF THE METALS WHICH SHALL AT ANY TIME BE COMMITTED TO THEIR CHARGE FOR THE PURPOSE OF BEING COINED, OR ANY OF THE COINS WHICH SHALL BE STRUCK OR COINED, OR ANY OF THE COINS WHICH SHALL BE STRUCK OR COINED AT THE SAID MINT, EVERY SUCH OFFICER OR PERSON WHO SHALL COMMIT ANY OR EITHER OF THE SAID OFFENSES, SHALL BE DEEMED GUILTY OF FELONY, AND SHALL SUFFER DEATH.

X.—LEGAL TENDER POWER.

23d year of his late Majesty, King George the Second.

It is enacted in the Words following, viz: That all Bargains, and Contracts, Debts and Dues whatsoever shall be agreed, contracted or made after the thirty-first Day of *March*, 1750, shall be understood, and are hereby declared to be in Silver at *six shillings and eight pence per ounce*, and all Spanish Mill'd Pieces of Eight of full weight shall be accounted, taken and paid at the Rate of *Six Shillings* per Piece for the discharge

of any Contracts or Bargains to be made after the said thirty-first Day of *March*, 1750, the Halves, Quarters, and other less Pieces of the same Coin to be accounted, received, taken or paid in the same Proportion.

Be it therefore enacted, that it shall not be lawful for any person to receive, take or pay any of the following Coins at any greater or higher rate than is allowed by this Act, viz: A Guinea at twenty-eight Shillings; an English Crown at *Six Shillings and Eight Pence*; an half Crown at *three Shillings and four Pence*; an English Shilling at *one shilling and four Pence*; an English six Pence at *Eight* Pence; A double Johannes, or Gold Coin of Portugal of the value of *three Pounds twelve Shillings* sterling, at *four Pounds sixteen* Shillings; a single Johannes of the value of *Thirty-six Shillings* Sterling, at *Forty-eight Shillings*; A Moidore at *Thirty-six Shillings*; a pistole of full weight at *twenty-two Shillings*; three English farthings for *One Penny*; an English Half Pence in greater or less numbers in proportion.

Providing always, and it is hereby declared, That nothing in this Act shall be understood to restrain any Person or Persons from accounting, receiving, taking or paying any of the above mentioned Species or Coins in discharge of any Debts, Contracts or Bargains made before the thirty-first Day of *March*, One Thousand and Seven Hundred and Fifty, at the following Rates, viz: For any Debt contracted before the said thirty-first Day of *March*, and understood to be payable

in Bills of the Old Tenor in such proportion higher or greater than the Rates set in this Act, as *Forty-five Shillings* is to *six Shillings;* and for any Debt contracted before the said thirty-first day of *March*, and understood to be payable in Bills of the middle Tenor or Bills of the new Tenor, in such proportion higher or greater than the Rates set at in this Act as *Eleven Shillings and three Pence* is to *Six Shillings;* any thing in this Act to the contrary notwithstanding.

Acts and laws of his Majesty's Province of the Massachusetts Bay in New England.

JANUARY 15, 1782.

The advantage of possessing legal Money in preference to any other, would induce people to carry foreign Coins to the Mint until a sufficiency were struck for the circulating medium, and the advantage of holding the only Money which can pay debts or discharge Taxes, will soon give it (the New Coinage) the preference over all, and indeed banish all other from Circulation.

ROBERT MORRIS,
Superintendent of Finance.

APRIL 28, 1791.

The actual dollar at the time of contracting, is the only one which can be supposed to have been intended; and it has been seen that, as long ago as the year 1761, there had been a material deg-

redation of the standard. A recurrence to the ancient dollar, would be in the greatest number of cases an innovation *in fact*, and, in all, an innovation in respect to opinion. The actual dollar in common circulation has evidently a much better claim to be regarded as the actual money unit.

And it is not explained whether either of the two species of coins, of gold or silver, shall have any greater legality in payments than the other. Yet it would seem that a preference in this particular is necessary to execute the idea of attaching the unit exclusively to one kind. If each of them be as valid as the other in payments to any amount, it is not obvious in what effectual sense either of them can be deemed the money unit, rather than the other.

Upon the supposition that the expense of coinage ought to be defrayed out of the metals, there are two ways in which it may be effected; one, by the reduction of the quantity of fine gold and silver in the coins; the other by establishing a difference between the value of those metals in the Coins, and the Mint price of them in bullion. The consequence of either of them, if the change can be realized, is to degrade the money unit; obliging creditors to receive less than their just dues, and depreciating property of every kind; for it is manifest that everything would in that case, be represented by a less quantity of gold and silver than before.

ALEXANDER HAMILTON,
Secretary of the Treasury.

FEBRUARY ——, 1792.

With respect to the dollar, it must be admitted by all the world, that there is great incertainty in the meaning of the term, and therefore all the world will have justified Congress for their first act of removing the incertainty by declaring what they understand by the term (resolution on Coinage of August 8, 1786), but the incertainty once removed exists no longer, and *I very much doubt a right now to change the value and especially to lessen it. It would lead to so easy a mode of paying off their debts.* Besides, the parties injured by this reduction of the value would have so much matter to urge in support of the first point of fixation. Should it be thought, however, that Congress may reduce the value of the dollar, I should be for adopting for our unit, instead of the dollar, either one ounce of pure silver or one ounce of standard silver, so as to keep the unit of money a part of the system of measure, weights and coins.

THOMAS JEFFERSON.

COINAGE LAW OF APRIL 2, 1792.

SECTION 16. AND BE IT FURTHER ENACTED, THAT ALL THE GOLD AND SILVER COINS WHICH HAVE BEEN STRUCK AT, AND ISSUED FROM THE SAID MINT, SHALL BE A LAWFUL TENDER IN ALL PAYMENTS WHATSOEVER, THOSE OF FULL WEIGHT ACCORDING TO THE RESPECTIVE VALUES HEREIN-

BEFORE DECLARED, AND THOSE OF LESS THAN FULL WEIGHT AT VALUES PROPORTIONED TO THEIR RESPECTIVE WEIGHTS.

7. THE PEOPLE HAVE NOT BEEN CORRECTLY TAUGHT.

The fact that at the present time (1896) a serious contention is being urged as to the standard of value, as though the principles of sound money were not fixed in the Coinage Law of 1792, but were left by the Fathers of the Nation to be the foot ball of party politics, is evidence that the people have not been correctly taught and do not know what "the Money of the Constitution" authorized by that law really was. It is evidence that the majority of the people have thought the subject too difficult for them to master without much study, and have intrusted it to those who shape political policies and write political platforms. It is evidence that some who have commercial interests or political ambitions to serve, have corrupted the minds of the people with fallacies and sophistries until many believe, in demanding at the present time the free coinage of silver at the ratio of 16 to 1, they are demanding "the Money of the Constitution" of which they are told they have been deprived by surreptitious and unfair means. Those making this demand may be divided into two classes, the honest minded who are not correctly informed, and the dishonest.

The first need correct instruction, the second must be shown, so well did the Fathers of the Republic write the principles of sound money into the first Coinage law that there is absolutely no chance for them to become gainers by the dishonesty they would practice. Show the one that the free coinage of silver under the present conditions at the ratio of 16 to 1, would not provide them with the money authorized by the Coinage Law of 1792, and that it is unmistakably forbidden by the terms of that law; take from the other all hope of making an unjust gain by such an enactment, and all desire for such a law will disappear.

8. FOR THE HONEST MINDED WHO ARE NOT CORRECTLY INFORMED.

The power delegated to Congress to "coin money and regulate the value thereof" does not require the use of any specified metal or commodity for that purpose, it does not require the coinage of money in any specified denominations or amounts. Gold and silver became the money metals of the country by commercial usage and the fact that by the terms of the Constitution no state can enact a law "making anything but gold and silver a tender in payments of debts," but it does not say that payment shall be made in gold or silver coins.

Congress has constitutional power to coin money from either metal, in any denominations it

may elect, and to make such coins an unlimited, or a limited legal tender as it may deem to be best calculated to promote the public welfare. Such action has been taken by all governments at different times, and has been taken by this government without its authority to do so being questioned.

The fact that a law, which is simply an act of Congress and therefore subject to repeal, may acquire all the force of a Constitutional provision and thus be placed beyond the power of Congress to change it is shown by the provision in the Act of April 2, 1792, establishing the decimal system of Money Arithmetic. At that time many people were using the English system of pounds. shillings and pence, and there were no coins in circulation corresponding with the money of account then adopted. This enactment however has proven so helpful and satisfactory in every way and its terms have become so incorporated into the language, ideas and customs of the people that no suggestion has ever been made to change it. To secure an act of Congress now, changing the system of the Money of Account of the United States, would be far more difficult than to secure changes in the Constitution.

The system of Money Arithmetic is so well settled, it is no longer considered a subject of discussion. There is no good reason why the question of the Monetary System of the United States should not be as definitely and as satisfactorily settled, based upon an established unit of value.

I.—FALLACY No. 1. UNCHANGEABLE UNIT OF VALUE.

One of the fallacies persistently taught by the advocates of free silver coinage is, because the Coinage Act of April 2, 1792, made one dollar the unit of coinage and provided that it should be measured by 371¼ grains of pure silver, that this quantity of silver became an unchangeable unit of value. An examination of what the Fathers of the Republic said about the monetary unit will show that they recorded many changes that had been made in the weight of the "dollars" coined by other governments; that in attempting to establish a coinage they suggested several different weights for the dollar they were to coin; that by resolution of August 8, 1786, they declared that "the dollar should contain $375\frac{64}{100}$ grains of fine silver," and by act of April 2, 1792, "provided that it should contain 371¼ grains of fine silver." This proves beyond the possibility of a doubt that the theory that the contents of the unit of coinage could never be changed when once established, was unknown to those who framed and adopted the Constitution and enacted the Coinage Law of 1792. As if to place such a thing beyond the limits of rational argument, in his Report on the Establishment of a Mint, Alexander Hamilton, Washington's Secretary of the Treasury, said, speaking of the policy of reducing one of the metals "to the situation of a mere merchandise," that it "would probably be a greater

evil than occasional variations in the unit, from the fluctuations in the relative value of the metals; especially if care be taken to regulate the proportion between them, with an eye to their average commercial value." And again, in speaking of the proportion between gold and silver reported by Sir Isaac Newton in 1717, he said: "But however accurate and decisive this authority may be deemed, in relation to the period to which it applies, it cannot be taken, at the distance of more than seventy years, as a rule for determining the existing proportion." In view of these facts can there be a more unreasonable or absurd claim than that the weight of the unit coin and the proportion fixed between gold and silver by the Coinage Law of 1792 is unchangeable to the end of time? Shall we not rather repeat Hamilton's words and say "but however accurate and decisive this authority may be deemed [the Coinage Law of 1792], in relation to the period to which it applies, it cannot be taken, at the distance of more than *one hundred* years, as a rule for determining the existing proportions."

The power to regulate the value of coins can be exercised only by making changes in their weight, the "occasional variations in the unit" that Hamilton mentioned as a means of correcting "fluctuations in the relative value of the metals." If a unit of coinage once fixed can never thereafter be changed, the Congress that enacted the first coinage law deprived that body for all time of the right to subsequently exercise a power

which the Constitution definitely says it shall have; the power to regulate the value of coins.

The claim that the unit of Coinage is unchangeable is not consistent with the opinions and acts of those who formed and adopted the Constitution nor with the provisions of the Constitution.

II.—FALLACY No. 2. DOUBLE STANDARD OF VALUE.

More effort has been spent to teach the people that the Constitution requires *both* gold and silver to be used as a standard of value, than has been given to any other one point. Arguments to prove that the selection of "one dollar" as the unit of coinage and the coining of a silver dollar, made a silver dollar the "unit of value"; and arguments to prove that gold and silver were both constitutional standards of value, have done more to prevent a clear understanding of monetary questions than any other cause.

Robert Morris clearly stated that but one metal could be used as a standard of value, gave his preference to silver although stating that it would not be a stable measure of value, because it was less portable than gold and for that reason he thought could be better used as a basis for paper currency. Hamilton and Jefferson urged that "the money unit should stand on both metals." Hamilton pointed out that to authorize gold coins equal to so many dollars and a silver coin to

represent the money unit, giving both equal legal tender power, would prevent the attaching of the unit of value to either metal; and insisted on this point to the extent of recommending the coinage of a gold and a silver dollar for the purpose of having the money unit represented in the coinage by a coin of each metal. He recommended a gold dollar containing $24\frac{3}{4}$ grains of pure gold as the unit of gold coinage, and a silver dollar containing $371\frac{1}{4}$ grains of pure silver as the unit of silver coinage, and the fixing of the proportion between gold and silver at 15 to 1, making a composite unit as the measure of the unit of value. This recommendation was incorporated without change in the Coinage Act of 1792 excepting that no gold dollar containing $24\frac{3}{4}$ grains was authorized, but Eagles, Half-Eagles and Quarter-Eagles were authorized to contain $24\frac{3}{4}$ grains of pure gold per dollar. While his personal preference was decidedly in favor of a gold standard, Hamilton did all that he was able to do to establish the coin circulation of the United States on a double standard of coinage. What, under these conditions, was the standard of value? Was the unit of value measured by $24\frac{3}{4}$ grains of pure gold? No, that would have made gold the standard of value and would have destroyed the double standard. Was the unit of value measured by $371\frac{1}{4}$ grains of pure silver? No That would have made silver the standard of value and would have destroyed the double standard. What, then, was the standard of value? *It was the unit of the Money of Account*,

having no representative in the Coinage. The legal tender measure of this unit was established by Section 16, of the Coinage Act of April 2, 1792, which provides that all gold and silver coins authorized by the Act "shall be a lawful tender in all payments whatsoever, those of full weight according to the respective values hereinbefore declared, and those of less than full weight at values proportional to their respective weights."

The factors that must be combined to establish a unit of value using two or more metals to express the value of the unit in Coinage are their proportional weight and commercial value. A coin that would accurately represent the unit of value under the double standard as enacted by the Coinage Act of 1792 wonld be a composite coin containing one-half of a mass of metal, combining $24\frac{3}{4}$ grains of pure gold *and* $371\frac{1}{4}$ grains of pure silver. No such coin was authorized, therefore the unit of the Money of Account was not represented in the coinage authorized by the act.

The measure of the unit of value was $24\frac{3}{4}$ grains of pure gold, *with a commercial value equal to* $371\frac{1}{4}$ *grains of pure silver* or, $371\frac{1}{4}$ grains of pure silver, *with a commercial value equal to* $24\frac{3}{4}$ *grains of pure gold.* The law fixing the proportion between gold and silver was wholly based on *commercial value.*

The provision making gold and silver coins "a lawful tender in all payments whatsoever, those of full weight according to their respective values hereinbefore declared, and those of less than full weight at values proportioned to their respective

weights," did not make 247½ grains of pure gold when coined into an "Eagle," a legal tender for ten dollars except when 24¾ grains of pure gold had a commercial value, equal to the commercial value of 371¼ grains of pure silver. It did not make 371¼ grains of pure silver coined into "one dollar," a legal tender for one dollar except when 371¼ grains of pure silver had a commercial value equal to the commercial value of 24¾ grains of pure gold. *It did not base the value of these coins upon the independent commercial value of the metals but upon their relative value.*

Strictly construed, as soon as the commercial value of gold and silver changed from the ratio of 15 to 1, all gold and silver coins struck under the Act of April 2, 1792, should have ceased to be legal tender money, except by weight. This shows the fact, until Congress can find the means of preventing a change in the commercial value of gold and silver, that a legal tender coinage cannot with absolute justice be maintained based on a double standard of values, and demonstrates the scientific truth that *there cannot be two standards of value* any more than there can be two lengths for a foot, or two weights for a pound.

A stable monetary system cannot be founded on a double standard of value by an isolated nation. The unequal commercial expansion or contraction of the commercial value of the metals caused by fluctuations in international commerce, destroys all standards of comparison and disturbs all values whenever this is attempted. When these

changes occur, it is wholly immaterial whether the statement be made that gold has appreciated and silver remained stationary, or that gold has remained stationary and silver has depreciated; the effect on the value of all property, commodities, or services is exactly the same whichever way it is calculated. A house erected on metallic pillars for a foundation, all those on one side being of gold and all on the other side of silver, will stand firm only so long as the pillars are of equal length. If under the influence of atmospheric or other conditions all of the gold pillars increase in length until they are twice as long as the silver pillars, the house, obeying the natural law of gravitation, will topple over and fall on the side of silver. If, on the other hand, the gold pillars remain stationary and the silver pillars shrink to one-half their original length, the house will topple over and fall on the side of silver just the same. No one can be found who will believe Congress can arrest the action of the natural law of gravitation for one moment to save a house built on uneven foundations from falling.

Why is it then that any one should believe Congress can arrest the action of the natural law of commercial values for one moment, to save a monetary system based on an unstable double standard from falling? Simply because they have thought the problem of the standard of values to be deeply mysterious, and have not sought to solve it by the application of common sense.

If the law cannot maintain the commercial value

of gold and silver bullion at the ratio of 16 to or at any other ratio it may fix by arbitrary en actment, it cannot maintain gold and silver coins, under the operation of free and unlimited coinage for both, on a parity at a legal ratio differing from the commericial ratio.

By enlarging the sphere of operation so as to create an international coin circulation co-extensive with international commerce the effect of fluctuations that might cause great unsteadiness if confined within the limits of one country, may be neutralized by converse action in another country and thus maintain stability of coin values. A manufacturer making articles for summer use will have a demand for his goods during a part of the year only if his trade is confined to his own country, but if he extends it to all countries, he will have a demand during all the year as summer does not leave the world; it only passes from one section to another; it can always be found somewhere. A gust of wind that will throw a small, shallow body of water into a great commotion will cause hardly a ripple on the broad expanse and massive depth of the ocean.

III.—FALLACY No. 3. THAT THE VALUE OF COINS IS REGULATED BY LAW REGARDLESS OF THE COMMERCIAL VALUE OF THE METAL THEY CONTAIN.

If Congress cannot create a unit unchangeable in value, if it cannot arrest the operation of the natural law of values in its influence upon the value of gold and silver, causing them to expand or contract in exact relation with each other, neither can it regulate the value of coins except by changing the weight of their metallic contents. It is true that a demand for gold or silver caused by the use of the metals for coins tends to increase their value just as a demand for them caused by their use in the manufacture of articles of ornament or service tends to increase their value. This, however, is but one factor of value, and it is a factor that is not wholly within the control of any isolated government. As long as all nations maintain independent coinage, so long will it be out of the power of any one nation or any group of nations to enact effective international coinage laws or regulations. The value of gold and silver is controlled, as is the value of all other exchangeable commodities, by the law of supply and demand. The fact that coins are made out of these metals gives to them the additional value that such use bears to the whole available supply for all purposes and no more.

The fact that a specified weight of metal is

manufactured into a coin and called by law "one dollar" or "ten dollars" does not give the value of "one dollar" or "ten dollars" to the coins. When they circulate beyond the limits of this country they are not dollars, they are coined bullion, and pass at their bullion value only. No act of Congress has ever changed, nor can ever change, these conditions. The legal tender feature of a Coinage Law is serviceable only within the territory governed by the people who enact it. *If a coin is worth*, as bullion, the value expressed by its denomination, or more, it will pass at the denominational value everywhere throughout the world, regardless of the fact that by the laws of none of the foreign countries it may enter, is it legal tender at that or any other value. *If it is not worth*, as bullion, the value expressed by its denomination, *it will not pass* at its denominational value, although the laws of the country by authority of which it is issued, may declare that it shall, and attach severe penalties to a refusal so to accept it; unless it is received by those who can use it in payment of obligations created in the country of its origin, where the law compells creditors to accept it as legal tender money.

In its own country, a coin needs the assistance of legal compulsion to cause it to pass at its denominational value only when its bullion contents are worth *less* than that value; it is therefore as plain as the sun at noonday, that the only effect of a legal tender provision in a coinage law is to place the people of the country in which it is en-

acted at a disadvantage in their dealings with the rest of the world.

The object of international coinage laws and regulations is to extend the territorial limits within which coins of the adopted standard will circulate freely at their denominational value, and thus to facilitate international commerce by providing a stable basis of international exchange.

The legal tender provision in the Coinage Act of 1792, did *not* make gold and silver coins "the Money of the Constitution" nor determine their value. This was done by the commercial value of the bullion they contained, as expressed in the act.

IV.—FALLACY No. 4. THAT THE MANUFACTURE OF A COIN ONCE AUTHORIZED CANNOT BE DISCONTINUED.

The Founders of the Republic had no such idea. Robert Morris distinctly advised that the coins be "few and simple, because by that means they become familiar to all ranks and degrees of men; but when the coins are so numerous that the knowledge of them is a kind of science, the lower order of citizens are constantly injured by those who carry on the business of debasing, sweating, clipping, counterfeiting and the like." Alexander Hamilton recommended "As it is easy to add, it will be most advisable to begin with a small num-

ber, till experience shall decide whether any other kinds are necessary." To those who properly understand the use of language this statement means, in case any of the coins first authorized should be found by experience to be unnecessary, they should be dropped, as clearly as it means that others should be added if experience should show such an addition to be desirable.

A half-cent coin was authorized by Act of April 2, 1792. Experience demonstrated that it was an unnecessary coin and its manufacture was stopped in 1857.

A silver dollar was authorized by Act of April 2, 1792. When the coinage laws were being revised in 1873, preparatory to the resumption of specie payment, it was found that the total coinage from 1792 to 1873 had been:

Of gold, ...	$816,905,879.00
Of subsidiary silver, . .	137,096,046.00
Of silver dollars, . . .	8,046,838.00
Total Coinage, .	$962,048,763.00

Of this total, the silver dollars are but 8⅓ tenths of one per cent. Upon this evidence this coin was dropped as being unnecessary. Had this wise action been allowed to remain unchanged, all the disasters the people of this country have suffered, caused by a monetary system not clearly established on a stable unit of value, would have been avoided.

Numerous instances of additional coins being

authorized, and of the manufacture of those authorized being discontinued, are scattered throughout the coinage laws from 1792 to the present time (1896). The exercise of such power by Congress has never been called in question except in the case of the silver dollar. The claim that the silver dollar cannot constitutionally be dropped from the list of authorized coins is based on the fallacy that the silver dollar is the constitutional unit of value, and is therefore peculiarly a part of "the Money of the Constitution," the coinage of which cannot be interfered with by Act of Congress. This claim is made in the face of the fact that for 34 years out of the first 46 years next following the Coinage Act of 1792, not one silver dollar was coined. If the implication that the silver dollar is a part of "the Money of the Constitution" is sufficiently clear to admit of such a claim being seriously made, there are other implications decidedly less cloudy, upon which Constitutional claims can be based, more far reaching and effectual in their logical conclusions than any of the friends of gold, the silver, or the double standard have advanced.

V.—FALLACY No. 5. THAT A COIN, THE COMMERCIAL VALUE OF THE BULLION CONTENTS OF WHICH IS NOT EQUIVALENT TO ITS DENOMINATIONAL VALUE, CAN BE "THE MONEY OF THE CONSTITUTION."

If there is any fact incorporated in the Coinage Law of 1792 more clearly than another, it is the fact that the coins to be authorized under its provisions should always be worth as bullion, as much as the denominational value stamped on their face. To this conclusion every word of the discussions and acts of the Founders of the Republic irresistibly tend. A critical examination of the discussions, recommendations and acts touching the nature of the money unit; the denominations of coins; the weight and composition of alloy; the charges for coinage; the standard of value; the ratio of value between gold and silver as bullion and in weight in coins; the weight of coins; and the debasement of coins;—an examination of these points individually or collectively, can lead to no other conclusion. The introduction of an Act authorizing a debased coin, one the intrinsic value of which is not equal to the value stamped on its face, would have been regarded by the men who framed and adopted the Constitution as an attack upon the integrity of the government. Their immediate and uncompromising answer would have been "A fraudulent coin cannot be

authorized under a Constitution ordained to establish justice."

Robert Morris said: "A trust so important—the practice of coining, in order that weight and fineness might be known at first view, and of consequence the *value* be instantly ascertained—the privilege of declaring this value by particular marks—could not indeed be vested anywhere less than exclusively in the Sovereign, because the danger of abusing it was too great." He then adds regretfully, "And history informs that Sovereigns themselves have not on this occasion behaved with that integrity, which was alike due to their subjects and to themselves, to the interests of the people, and to their own personal glory." In a further consideration of the subject he points out the injustice the people were suffering and were liable to suffer from the manufacture abroad of debased coins for circulation in this country.

Thomas Jefferson declared, "if we determine that a dollar shall be our unit, *we must then say with precision what a dollar is;*" and that "*just principles will lead us to disregard legal proportions altogether;* to enquire into the market price of gold in the several countries with which we shall principally be connected in commerce, and to take the average of them;" also "that the money unit of these states shall contain so much fine silver as an assay shall show to be contained, on an average, in dollars of the several dates circulating with us."

A Grand Committee on the Money Unit, in its

official report to Congress, called attention to the loss caused the people of this country "by the commerce of vile coin" imported from England, using this strong term to designate coin containing less intrinsic value than required by their denomination.

Alexander Hamilton discussed the subject in minute detail. He said: "The intention is to show that the expectation of commercial advantage ought not to decide in favor of a duty of coinage, and that, if it should be adopted, it ought not to be in the form of a deduction from the intrinsic value of the coins, than *absolutely to exclude the idea of any difference whatever between the value of the metals in coin and in bullion.*" "No rule of intrinsic value is violated by considering the raw material as worth less than the fabric, in proportion to the expense of fabrication." "Under an impression that a *small* difference between the value of the coin and the mint price of bullion, is the least exceptional expedient for restraining the melting down, or exportation of the former, and not perceiving that, if it be a very moderate one, it can be hurtful in other respects—the Secretary is inclined to an experiment of one-half per cent. on each of the metals." "It may, perhaps be thought expedient, according to general practice, to make the copper coinage an object of profit; but when this is done to any considerable extent, it is hardly possible to have security against counterfeits. This consideration, concurring with the soundness of *the principle of preserving the in-*

trinsic value of the money of a country, seems to outweigh the consideration of profit."

Having determined after the most exhaustive investigations what the weight of coins should be to cause their face and intrinsic value to be equal; having determined the proportion between the weight of the coins of the two metals to cause it to be the same as the proportion between their commercial value; having determined the weight and composition of the alloy to be used in the coins; having determined that the owner of bullion should be entitled to receive of the same species of bullion which he shall have delivered to the Mint for coinage "weight for weight, of pure gold or pure silver" in coin, less "a deduction of one-half per cent.," for immediate payment if required; having made coins struck in accordance with the principles of sound money thus applied "a lawful tender in all payments whatsoever;" and having incorporated these provisions and principles in the Coinage Act of April 2, 1792, the Founders of the Republic proceed to provide that any officer or person employed in the Mint, found guilty of debasing the coins "shall be deemed guilty of felony, and *shall suffer death*."

Is it possible for a legislative body to say any more clearly, tersely or emphatically, that their understanding of the provision of the Constitution is:—*the money it authorizes to be coined and made legal tender shall be of equal intrinsic and denominational value?* Could they say to posterity any more positively than they then said to the

world: Such, and such money only, is the Money of the Constitution? The discussions, recommendations and acts of those who framed and adopted the Constitution are unquestionably the best interpretation of its meaning. If *they* did not know its meaning by what process of reasoning can we be made to believe that those who live one hundred years after them do? Nowhere in their discussions, recommendations or acts is there a sentence, a word, a syllable or a letter that denotes any intention on their part that the monetary system they established should ever be other than sound and should ever have incorporated in it any provision or enactment that would not accord in every detail with the principles of sound money which they clearly defined and applied.

In the face of this testimony, what can be said of the intelligence or honesty of those who, in 1896, demand the coinage of silver dollars at a ratio of 16 to 1, when the commerical ratio is 31 to 1? What shall be said for those who spend their energies in arguments for "sound money" instead of correctly instructing the people that only *gold and silver coins, the intrinsic and face value of which is equal, are sound money, and the only money that the coinage law of 1792 authorized?* This is the kind of money the Founders of the Republic provided for, it is the only kind they authorized, it is the only kind of money that can be "the Money of the Constitution."

VI.—THE PRINCIPLES OF SOUND MONEY AS DEFINED AND APPLIED BY THE FOUNDERS OF THE REPUBLIC.

The logical deductions from the foregoing examination of the subject, showing the principles of sound money as defined and applied by the founders of the Republic are:

1. That the measure of the money unit, when two metals are used in the coinage, cannot be attached exclusively to either metal. In such a case, the measure of the money unit is a composite weight composed of one-half, in weight, of the unit of coinage of each metal.

2. That it is necessary to define what shall be the measure of value.

3. That the weight and composition of alloy, the charge for coinage, the weight of pure metal in a coin, the ratio of weight between the coins of two metals when both are given equal legal tender power, must all be calculated to cause the commercial and denominational value of the coins to be equal, in which case the measure of the unit of the money of account is one-half of the combined weight of the units of coinage in the two metals.

4. That the only absolutely just method of regulating the value of coins under a free bi-metallic coinage system, to keep them in accord with the commercial value of their bullion contents, is to change their weight whenever, and in the same degree, as the commercial value of bullion changes.

5. That the greatest crime that can be committed

is fraudulently, or by legislative enactment, to issue coins of full legal tender power, the commercial and denominational value of which are not equal. Those who debase the coins, says the Act of 1792, "*shall suffer death.*"

6. That the basis of "the Money of the Constitution" must be the same as the basis of the Constitution itself. Written and adopted "to establish justice," its basis is *integrity.*

9. FOR THE DISHONEST.

The honest-minded are controlled by principle, the dishonest by authority. The most remarkable fact developed by the "sound money" campaign of 1893 to 1896 is the assumption by both sides to the controversy that Congress has a Constitutional right to be dishonest. But for this assumption there could be no controversy.

Alexander Hamilton wrote in 1791:

"The quantity of gold and silver in the national coins, corresponding with a given sum (intrinsic and face value), cannot be made less than heretofore, without disturbing the balance of intrinsic value, and making every acre of land, as well as every bushel of wheat, of less actual worth than in time past. If the United States were isolated and cut off from all intercourse with the rest of mankind, this reasoning would not be equally conclusive. But it appears decisive, when considered

with a view to the relations which commerce has created between us and other countries.

"It is, however, not improbable that the effect meditated would be defeated by a rise of prices proportioned to a diminution of the intrinsic value of the coins. This might be looked for in every enlightened commercial country; but perhaps in none with greater certainty than in this, because in none are men less liable to be the dupes of sounds; in none has authority so little resource for substituting *names for things*."

Unfortunately for "the general welfare," Secretary Hamilton's confidence in the intelligence of American citizens, touching monetary questions, has been proven to be not well founded. History furnishes no record of greater disasters caused by "substituting names for things," than the record of the monetary disasters caused by the people of the United States permitting legislation based on *weight* of metal, instead of *value* of metal, as the basis of the unit of coinage under a bi-metallic legal tender coinage system. When the people of this country permit themselves to believe that 371¼ grains of pure silver coined into a piece of money is one dollar of "the Money of the Constitution," regardless of its commercial value, they permit themselves to be "dupes of sounds." Three hundred and seventy one and a quarter grains of pure silver coined, was, or can be one dollar of "the Money of the Constitution" *only when its commercial value is equal to 24 3-4 grains of pure gold.* The discussions, recommendations and acts of the

Founders of the Republic settle this question beyond the possibility of a reasonable doubt.

The Act of 1834 changed the legal ratio of silver to gold from 15 to 1, as established by the Act of 1792, to 16 to 1; since then, 412½ grains of standard silver have been, and can be, one dollar of "The Money of the Constitution" only when the commercial value of 412½ grains of standard silver is equal to 25.8 grains of standard gold.

In 1782 Robert Morris wrote: "A legal tender is as necessary for the purposes of jurisprudence as a general currency is for those of commerce. For although there is great impropriety, not to say injustice, in compelling a man to receive a part of his debt in discharge of the whole; yet it is both just and proper that the law should protect the honest debtor who is willing to pay, against the vexatious suits of the oppressive creditor, who refuses to receive the full value."

After determining the value of silver, measured by gold, and declaring the ratio as existing at that time, thus fixing a standard for a bi-metallic coinage, Robert Morris, the Superintendent of Finance and one of the signers of the Constitution for the State of Pennsylvania, makes the following declaration:

"The demand which commerce might make for any one of the precious metals in preference to the other, would vary this real (commercial) standard from time to time, and in every payment a man would get more or less of real value for his debt, according as he was paid in the coin of

greater or less value, in relation to the real (commercial) standard. If, for instance, the debt were contracted when the silver was to gold, as one to fifteen, and paid when as one to fourteen; if the debt were paid in silver he would gain one-thirtieth, and if in gold he would lose one-thirtieth."

Having laid down the principle that the object of legal tender money is to "establish justice" between creditor and debtor, so that one cannot require more, nor the other pay less than "*full value*," he points out the fact that a change in the commercial value of one of the metals used in a bi-metallic system of coinage *after* a legal standard had been established, based on the commercial standard, would cause a loss or gain for one or the other parties to the transaction, according to the change in value and the metal in which the payment was made. It is plain that a coin made legal tender when its intrinsic and face value are equivalent should not be a legal tender when they have been separated by a change in intrinsic value. A change in intrinsic value may be caused by abrasion, or by sweating, making the coin "light weight" or by a depreciation in the commercial value of the metal. The remedy for "light weight" or over-valued coins, is to accept "those of less than full weight at values proportional to their respective weights" and recoin them. (Act of April 2, 1792, Section 16.) The remedy for undervalued coins (coins the face value of which is less than the commercial value of their contents) is so to change the weight of metal required for

their manufacture as to re-establish a parity between their intrinsic and their face value. In no other way can a legal tender bi-metallic coinage be maintained. If there is "great impropriety, not to say injustice, in compelling a man to receive a part of his debt in discharge of the whole," what can be said of a proposal to enact a law to permit a man to pay a debt, contracted in $25\frac{8}{10}$ grains of standard gold per dollar, in $412\frac{1}{2}$ grains of standard silver per dollar when that much silver will buy but $12\frac{9}{10}$ grains of standard gold? Would not this be rank injustice? Would not this be compelling a man to "accept a part of his debt in discharge of the whole?" Can a law founded on *injustice* be constitutional under the provisions of a constitution, framed and adopted "to establish justice?" The answer to these questions is plainly indicated by their terms. They admit of no subterfuge or evasion. The answer must be "yes" or "no." Can any honest man vote yes? The "full value" of an obligation cannot be discharged by less than its full value given in payment. To hold that it can is a mathematical, an economic, a moral, and a legal absurdity.

In 1783, Thomas Jefferson, credited with having written the Declaration of Indepence, wrote:

"*The proportions between the values of gold and silver is a mercantile problem altogether. Just principles will lead us to disregard legal proportions.*"

In 1791, Alexander Hamilton, who signed the Constitution for the State of New York, and was Washington's Secretary of the Treasury, declared

in his report to Congress on the establishment of a Mint: "*The actual dollar at the time of contracting, is the only one which can be supposed to have been intended.*" Also, "the inducement to such a preference (a single gold standard) is, to render the unit as little variable as possible; because on this depends the steady value of all contracts, and, in a certain sense, of all other property."

Again, Secretary Hamilton writes in his report:

"To declare that a less weight (value) of gold or silver shall pass for the same sum, which before represented a greater weight (value) or to ordain that the same weight (value) shall pass for a greater sum (value), are things substantially of one nature. The consequence of either of them, if the change can be realized, is to degrade the money unit; obliging creditors to receive less than their just dues, and depreciating property of every kind; for it is manifest that everything would in this case, be represented by a less quantity of gold and silver than before."

In 1792, a dollar was declared to be 24¾ grains of pure gold worth 371¼ grains of pure silver, or, 371¼ grains of pure silver worth 24¾ grains of pure gold. If that law should now be re-enacted, measuring silver by gold, to establish the then legal ratio of 15 to 1 on the basis of present commercial value (1896), the silver dollar would contain 742½ grains of pure silver. This would be declaring that "a greater weight should pass for the same sum as before," but it would have no effect on values as the silver bullion in a

dollar would be of the same value as gold. If, on the other hand, the ratio of 15 to 1 should be re-established by measuring gold by silver, the gold dollar would contain 12⅜ grains of pure gold. *This would depreciate all values one-half, because gold is the existing standard of value.* This would be declaring that "a less weight (value) should pass for the same sum (value) as before." The effect Hamilton portrayed occurs only when the unit of value is disturbed. In his report 1791), he depicts the effects of such changes as follows:

"Among the evils attendant on such an operation are these: Creditors, both of the public and of individuals, would lose a part of their property; public and private credit would receive a wound; the effective revenues of the government would be diminished. There is scarcely any point in the economy of national affairs, of greater moment than the uniform preservation of the *intrinsic value* of the money unit. On this the security and steady value of property essentially depend."

"*Intrinsic value*" *is determined by the Commercial value of the weight, not weight only.* The value of the metal, not the weight of the metal is what determined that 24¾ grains of pure gold or 371¼ grains of pure silver, should be one dollar, by the provisions of the Coinage Act of April 2, 1792.

Thomas Jefferson wrote a letter to Secretary Hamilton, in 1792, approving his report "on the establishment of a Mint," in the course of which he says: "With respect to the dollar, it must be

admitted by all the world, that there is great incertainty in the meaning of the term, and therefore all the world will have justified Congress for their first act of removing the incertainty by declaring what they understand by the term, but the incertainty once removed, exists no longer, and I very much doubt a right now to change the *value* and especially to lessen it. It would lead to so easy a mode of paying off their debts. Besides, the parties injured by this reduction of the *value* would have so much matter to urge in support of the first point of fixation."

The fixation here referred to is "The Resolution on Coinage" adopted by the Continental Congress, August 8, 1786, three years before the Constitution of the United States went into effect, and six years before the establishment of a Mint. This resolution declared that "A dollar shall contain of fine silver $375\frac{64}{100}$ grains." Although the resolution was adopted before the United States government was organized, and no coin had been struck under its provisions, Thomas Jefferson felt it to be binding because, in his judgment, it may have influenced values expressed in the money of account and therefore good faith required that it should not be changed, "especially to lessen its value, because it would lead to so easy a mode of paying off debts."

When the Coinage Law of April 2, 1792, was enacted, the contents of the silver dollar was changed from $375\frac{64}{100}$ grains, as fixed by the Resolution of August 8, 1786, to $371\frac{1}{4}$ grains of pure

silver because after further investigation, the conclusion was reached that the value of the weight declared in 1786 was not in accord with the then (1792) commercial value of the metal.

Through all this record one principle controls all discussions, recommendations and actions. It is the fundamental principle of justice. This principle requires that the value represented by a Coin must be in its contents; that "the actual dollar at the time of contracting, is the only one which can be supposed to have been intended," that debts can be neither increased nor diminished by acts of Congress. Those who held this principle so clearly, intended to incorporate it effectually into the Coinage law they framed and adopted for the purpose "of establishing justice." This law is to-day, a memorial of the integrity of those who enacted it, for the protection of all honest men and the confusion of all who are dishonest.

Congress has power to change the measure of value, but it has no moral right to make its Act apply to contracts made *prior* to the date when the new law will go into effect. Considerations of honesty, justice, and the requirements of the higher law forbid such use of legislative power. In 1750, in the "23d year of the reign of his late Majesty, King George the Second," when a law was enacted fixing a monetary standard, it was provided "that nothing in this Act" shall change the status or the nature of obligations created prior to the date the Act went into force.

Are the honest people of the United States

willing to permit Congress to take a different course now to satisfy the demands of the dishonest?

The short of the whole contention is: Those who now contend for the free coinage of silver at a ratio to gold of 16 to 1, believing 412½ grains of standard silver can honestly be made a legal tender for a dollar containing 25 8/10 grains of standard gold, are either the "dupes of sounds," or they are dishonest. Their clamor to be permitted to scale down their debts and destroy their honor proves them to be morally or mentally defective.

The Constitution is not the only bulwark of defense. The value of $65,000,000,000 of property is at risk. To depreciate this value only 2% will cost its owners more than the total value of the product of all silver mines in the United States for 100 years. What do the silver men offer to owners of property in fair exchange for the value the measures they propose will destroy?

No man can advocate a dishonest measure and at the same time be a legitimate political descendant of Washington or Jefferson, Morris or Hamilton or any of the founders of the Republic. They were men of high ability and sterling integrity. The morally or mentally defective can hold no companionship with them. Those who would honor them must stand for the integrity of the dollar they authorized and coined. *A dollar, the intrinsic and face value of which are identical:—such was, is, and must continue to be "the Money of the Constitution."*

10. CONCLUSION.

Having finished the examination of details the subject may now be viewed "full circled" in its entirety. From what precedes the following deductions are logical:

1. The term "Money," as used in the Constitution, means coined money. It was not attached to paper currency by those who wrote and adopted the Constitution, therefore paper currency is not "the Money of the Constitution."

Coined money is primarily a commodity. It is, therefore, a commodity money. Its value is determined by the commercial value of the commodity contained in the coin. The only office of the government in coining money is to guarantee by its stamp that the coin contains the weight and quality of metal that the law declares it shall contain.

2. Under a bi-metallic system of coinage if coins of both metals are given *equal* legal tender power they should be of *equal commodity value.* To make them of equal commodity value the ratio of difference in their weight must be the same as the ratio of difference in their commodity or bullion value. When this ratio is declared in the law, and the weight and denominational value of each piece is also declared in the law, in conformity with the commercial ratio then existing, and the coins thus authorized are made full legal tender for all payments, the moment a change in the commercial ratio changes the relative intrinsic value

of the coins, *they should cease to be legal tender money*. This is the logical result from the conditions upon which they were made legal tender money.

3. The adoption of the decimal system of money arithmetic and the declaration that *one dollar* shall be the unit of the money account, does not designate what a dollar is nor fix the measure of its value. *The dollar of the money of account is an expression of value, it is not a measure of value.* It may or it may not be represented in the coinage.

4. Under a bi-metallic system of coinage, a coin, to represent the unit of the money of account must contain both metals in the same ratio of weight, as the ratio of their commercial value. Such a coin has never been struck in the United States, therefore the unit of the money of account was never represented in the coinage while it was on a bi-metallic basis.

5. When the law of 1792 declared the commercial ratio of value between gold and silver to be 15 to 1, and then provided for gold coins containing $24\frac{3}{4}$ grains of pure gold per dollar, and silver coins containing $371\frac{1}{4}$ grains of pure silver per dollar, the real declaration was that $24\frac{3}{4}$ grains of pure gold are of equal commercial value with $371\frac{1}{4}$ grains of pure silver, and *at that value* are one dollar of the money of account; also, that $371\frac{1}{4}$ grains of pure silver are of equal commercial value with $24\frac{3}{4}$ grains of pure gold and *at that value* are one dollar of the money of account. The moment the law declares that a specified weight of either metal

shall be the unit of value it destroys, the bi metallic system and adopts a single standard.

6. The law that declares:

One dollar $24\frac{3}{4}$ grains of pure gold and / One dollar $371\frac{1}{4}$ grains of pure silver } = 2 dollars, $\frac{1}{2}$ = 1 dollar

and at that commercial value to be legal tender for one dollar, as plainly declares that they should not be legal tender for one dollar when they are not of equal commercial value; therefore a change in the commercial value of either metal should destroy the legal tender power based upon the ratio of value that is destroyed by a change in values. The only way in which the legal tender power should be restored, is to change the legal ratio to conform with the commercial ratio, and then to change the weight of the coins of one of the metals to make the ratio of weight in the coins conform with the legal ratio. Such a change does not disturb the unit of value because the real unit of value is a unit of the ratio of value, and the change would be made to maintain the ratio of value.

7. The fundamental fallacy in the contention as to what is "sound money" or what is "the Money of the Constitution," is found in the failure on the part of both parties to make a distinction between the unit of the money of account, which, under a bi-metallic system, expresses the unit of value, and the unit of coinage. Under the coinage law of 1792, $24\frac{3}{4}$ grains of pure gold was the unit of gold coinage, and $371\frac{1}{4}$ grains of pure silver was the unit of silver coinage, but neither of them repre-

sented the unit of the money of account, neither of them was in itself the unit of value.

8. Under a single standard system of coinage the unit of value and the unit of coinage are identical, because the unit of the money of account is measured by the value of one metal. Under such a system all values are measured by the value of the weight of metal contained in the unit coin, and will contract or expand in exact relation with the commercial contraction or expansion of the value of the metal by which the unit of the money of account is measured. It is this fact that gives stability to a single standard system of coinage, not the metal selected for the measure of the unit of value.

9. It is a mathematical impossibility to establish a ratio of value between two or more commodities without using the value of one as a measure of value for the other, therefore under a bi-metallic system of coinage while a unit of coinage is found in both metals the unit of value is found in neither. Hamilton recognized this truth when he stated in his report on the establishment of a mint, "If each of them (gold or silver coins) be as valid as the other, in payments to any amount, it is not obvious in what effectual sense either of them can be deemed the money unit, rather than the other. It seems to be most advisable not to attach the unit exclusively to either of the metals; because this cannot be done effectually, without destroying the office and character of one of them as money, and reducing it to the situation of mere merchandise."

10. The real "Money of the Constitution" is a coin the intrinsic and face value of which are equal. The processes by which this coin is produced and the metal out of which it is made are immaterial. It is sound money in the United States; it is sound money any where in the world. It is sound money when it is coined and it will remain sound money so long as its two factors, *intrinsic and face value*, remain equal. For this reason coins of gold can be struck that will be sound money in all countries using gold as a measure of value, and coins of silver can be struck that will be sound money in all countries using silver as a measure of value, and both coins will be "the Money of the Constitution," if permitted to pass at the commercial value of the bullion they contain.

11. Debts must be paid in "*the actual dollar at the time of contracting, which is the only one that can be supposed to have been intended.*" (Alexander Hamilton.)

"*We, the people of the United States, in order to establish justice, do ordain and establish this Constitution for the United States of America.*" This is the notice that was given to the world, declaring the intention of those who framed and adopted the Constitution.

Those who advocate the free coinage of silver at the ratio of 16 to 1, under the impression that such a change will enable them to pay *present* debts in cheap money, are advertising their dishonesty or their ignorance.

"Intelligence and honesty are the only foundations on which true economic action can be based. In the final analysis no man can be a gainer by his own injustice." (1)

12. The present (1896) condition of our monetary legislation is as follows:

July 14, 1870, a law was enacted authorizing the issue of United States bonds, payable in coin, for the purpose of refunding all national obligations. At that time the legal tender coins of the United States were gold coins, containing $25\frac{8}{10}$ grains of standard gold per dollar, act of 1834; and silver coins, containing $371\frac{1}{4}$ grains of *pure* silver per dollar, Acts of 1792 and 1837. The average commercial value of the bullion in the silver dollar for the year 1870, was $1.027; for 1871 it was $1.025. For this reason no silver dollars were in circulation, and the coin had become obsolete, therefore the bonds authorized by the Act could have been paid in no coin except gold at the time of its enactment. Gold coin, being the only coined dollars in use at that date was the only coin that could have been intended or paid.

February 12, 1873, a law was enacted revising the Coinage laws of the United States. This law made $25\frac{8}{10}$ grains of standard gold, one dollar, "*the Unit of Value.*" It did not change the weight of gold per dollar as fixed by the law of 1834. In this law of 1873, the silver dollar is not mentioned

(1) The Law of Incorporated Companies Operating under Municipal Franchises. Page 31.

as one of the coins authorized. So few silver dollars had been coined since they were authorized by the law of 1792, and none of them having been known in circulation for a long time, the coinage of silver dollar pieces was not provided for in 1873, simply because they had become obsolete and a provision for their coinage was unnecessary. The average commercial value of the bullion in the silver dollar for the year 1872 was, $1.022; for 1873 it was, $1.004; therefore at this date coin bonds could have been paid only in gold.

January 12, 1875, a law to provide for the resumption of specie payments was enacted. This law provides:

1. For "silver coins of the denominations of ten, twenty-five and fifty cents, of standard value [this refers to the weights fixed by the coinage law of 1873, not to the law of 1792], and to issue them in redemption of an equal number and amount of fractional currency of similar denominations." No mention of coined silver dollars is made in this law.

2. * * * "A charge of one-fifth of one per centum for converting standard gold bullion into coin is hereby repealed; and hereafter no charge shall be made for that service."

3. "On and after the first day of January, anno Domini, eighteen hundred and seventy-nine, the Secretary of the Treasury shall redeem, in coin, the United States legal tender notes then outstanding, on their presentation for redemption at the office of the Assistant Treasurer of the United

States in the City of New York, in sums of not less than fifty dollars."

4. "To enable the Secretary of the Treasury to prepare and provide for the redemption in this act authorized, or required, he is authorized to use any surplus revenues, from time to time, in the Treasury not otherwise appropriated, and to issue, sell and dispose of, at not less than par, in coin, either of the descriptions of bonds of the United States described in the Act of Congress, approved July fourteenth, eighteen hundred and seventy, entitled 'An Act to authorize the refunding of the national debt.'"

The average commercial value of the bullion in the silver dollar for 1874 was $0.988; for 1875, it was $0.964, and for 1876, it was $0.894.

At the time the resumption Act became a law, there were no silver dollars in the Treasury and practically none in circulation. This circumstance continued the necessity of paying all coin obligations in gold, therefore, at the date of the resumption act, United States notes and bonds could have been paid only in gold, as there were no other United States coined dollars obtainable.

January 29, 1878, in the House, and February 18, 1878, in the Senate, a joint Resolution was passed as follows:

"That all bonds of the United States issued under the said Acts of Congress [Act of July 14, 1870, and if January 12, 1875], are payable, principal and interest at the option of the Government of the United States, in silver dollars of the coin-

age of the United States, containing 412½ grains each of standard silver; and that to restore to its coinage such silver coins as a legal tender in payment of said bonds, principal and interest, is not in violation of the public faith nor in derogation of the rights of the public creditor."

As none of these silver dollars were in existence on the date of this Resolution, they could not be used in payment of obligations of any kind, therefore, at this time United States notes and bonds could have been paid only in gold.

February 28, 1878, a law was enacted which provided:

1. "There shall be coined, at the several mints of the United States, silver dollars of the weight of four hundred and twelve and a half grains troy of standard silver, as provided in the act of January eighteenth, eighteen hundred and thirty-seven." The act of 1837 made a slight change in the *alloy* of the silver dollar but continued the weight of 371¼ grains of *pure* silver, as fixed by the law of 1792.

2. "Which coins, together with all silver dollars heretofore coined by the United States, of like weight and fineness, shall be a legal tender at their nominal value, for all debts and dues public and private, except where otherwise expressly stipulated in the contract."

3. "The Secretary of the Treasury is authorized and directed to purchase, from time to time, silver bullion, at the market price thereof, not less than two million dollars worth per month, nor more

than four million dollars worth per month, and cause the same to be coined monthly, as fast as purchased, into such dollars."

4. "A sum sufficient to carry out the foregoing provision of this act is hereby appropriated out of any money in the Treasury not otherwise appropriated. And any gain or seigniorage arising from this coinage shall be accounted for and paid into the Treasury, as provided under existing laws relative to the subsidiary coinage."

The average commercial value of the bullion in the silver dollar for 1877 was, $0.929; and for 1878 it was, $0.891.

By the terms of this act the Government retained the profit between the commercial value of the bullion and the face value of the coin, and paid out the coin in discharge of its obligations, thus receiving one dollar in gold value for the silver dollar and creating a moral obligation to receive it back at the gold valuation of one dollar in payment for obligations due to the Government.

This act is a departure from the principles of "the Money of the Constitution," as applied in the coinage law of 1792, because it authorizes the coinage of silver dollars, the commercial value of the bullion contents of which was not equal per dollar to the commercial value of the bullion contents of gold coins, and gives to such over-valued silver coins a legal tender power equal with gold coins.

In the light of the debates in the House and Senate, pending the enactment of this law, it is

clear that it was the representation and expectation of those who voted in favor of it, that its enactment would cause the commercial value of silver bullion to rise until the legal and commercial ratio would be brought to a parity making the commercial value of the bullion contained in the coins, per dollar, of equal value and thus bring the law in spirit and in fact into harmony with the sound principles enacted in the law of 1792. This expectation and belief was not realized and furnishes an infallible standard by which to measure the value of the expectations and beliefs of those who, in 1896, teach the people that the operation of a free silver coinage law will raise the commercial ratio of 31 to 1, to 16 to 1, and make silver dollars equal in value with gold dollars.

July 14, 1890, a law was enacted which provides:

1. "The Secretary of the Treasury is hereby directed to purchase, from time to time, silver bullion to the aggregate amount of four million five hundred thousand ounces, or so much thereof as may be offered in each month, at the market price thereof, not exceeding one dollar for three hundred and seventy-one and twenty-five hundredths grains of pure silver, and to issue in payment of such purchase of silver bullion Treasury Notes of the United States to be prepared by the Secretary of the Treasury, in such form and of such denominations; not less than one dollar nor more than one thousand dollars, as he may prescribe, and a sum sufficient to carry into effect the provisions of this act is hereby appropriated out

of any money in the Treasury not otherwise appropriated."

2. "That the Treasury notes issued in accordance with the provisions of this act shall be redeemable on demand, in coin, at the Treasury of the United States, or at the office of any Assistant Treasurer of the United States, and when so redeemed may be reissued."

3. "Such Treasury notes shall be a legal tender in payment of all debts, public or private, except where otherwise expressly stipulated in the contract."

4. "Upon demand of the holder of any of the Treasury notes herein provided for the Secretary of the Treasury shall, under such regulations as he may prescribe, redeem such notes in gold or silver coin, at his discretion, it being the established policy of the United States to maintain the two metals on a parity with each other upon the present legal ratio, or such ratio as may be provided by law."

5. "So much of the act of February twenty-eighth, eighteen hundred and seventy-eight, entitled 'An Act to Authorize the Coinage of the Standard Silver Dollar and to restore its legal-tender character,' as requires the monthly purchase and coinage of the same into silver dollars of not less than two million dollars, nor more than four million dollars' worth of silver bullion, is hereby repealed."

The average commercial value of the bullion in the silver dollar for 1889 was, $0.724; for 1890 it was, $0.810; and for 1891 it was, $0.764.

November 1, 1893, a law was enacted which repealed the authority to purchase silver bullion given in the act of July 14, 1890. And then enacts:

"*And it is hereby further declared that the efforts of the Government should be steadily directed to the establishment of such a safe system of bimetallism as will maintain at all times the equal power of every dollar coined or issued by the United States, in the markets and in payment of debts.*"

The average commercial value of the bullion in the silver dollar for 1892 was, $0.674; for 1873 it was $0.604; for 1894 it was, $0.491; for 1895 it was, $0.505; and for the first six months of 1896 it was, $0.528.

This record is absolute proof that the expectations and beliefs of those who represent that the free coinage of silver will bring the commercial ratio of 31 to 1, to a parity with the legal ratio of 16 to 1, are not justified by the teachings of experience and have no foundation in fact. It is proof that the existing disorder of our monetary system is entirely due to departures from the sound principles enacted in the Coinage law of 1792, and that the attempt to return to those principles shadowed forth in the act of 1890, which declares it to be "the established policy of the United States to Maintain the [coins of the] two metals on a parity with each other," must be fully, effectually, and permanently consummated.

When it became apparent that the operation of the limited silver coinage laws of 1878 would not

restore the commercial ratio of gold and silver bullion to a parity with the legal ratio and that, as a result, the payment of obligations with legal tender silver dollars having a less commercial value than gold dollars, *was* a "violation of public faith" and "in derogation of the rights of public creditors," who had been promised payment in coin when gold coin only could have been intended, Congress undertook to remedy the defect by the parity provision in the law of 1890. Practically the law of 1890 reaffirms the single gold standard of value, established by the act of 1873, as the only standard for legal tender money, and declares that the legal measure of one dollar is $25\frac{8}{10}$ grains of standard gold, and that all dollars, whether of silver or paper, issued by the United States, shall be maintained on a parity with that standard.

The law of 1873 made $25\frac{8}{10}$ grains of standard gold the unit of value. All obligations contracted since that date are payable in the value of $25\frac{8}{10}$ grains of standard gold per dollar as that was the legal measure of "*the actual dollar at the time of contracting.*" While a United States bond states on its face that it is payable in coin it also states that so many dollars are to be paid and no coin is a legal tender under the parity clause of the acts of 1890 and 1893, except at the value of $25\frac{8}{10}$ grains of standard gold per dollar. If the executive in 1895 and 1896 had directed the issue of a bond *payable in coin* at the rate of $25\frac{8}{10}$ grains of gold per dollar the obligation would not have been changed, the law

in *all* of its details would have been complied with, and millions of dollars would have been saved to the tax payers of the country. It is an error to assume that an act of Congress taken by itself is *the law.* The law is an act, qualified by all other acts bearing upon it, limited by the Constitution as construed by the courts.

The law says that the bonds to be issued shall be payable in legal tender United States coins.

Legal tender United States coins by other acts are declared to be coins equal in value to the value of $25\frac{8}{10}$ grains of standard gold per dollar; therefore, by the terms of several acts, taken as a whole, the bonds of the United States, and all obligations public and private, expressed in dollars of the money of account, created in the United States, are payable in dollars at the rate of $25\frac{8}{10}$ grains of standard gold, United States standard, per dollar. This fact cannot be evaded except by an act of repudiation. What can be the world's estimate of the honesty and intelligence of a people who permit this fact to be seriously questioned?

The world's estimate has been made and we have our answer in the return of our bonds and other securities from Europe, the export of our gold, and the making of gold contracts by our citizens. In the light of these facts, is it not clearly the duty of the honest and intelligent people of this country who, when they assert themselves, are beyond question a ruling majority, to take the direction of affairs into their own hands and order *credit*

destroyers to the rear? To incapacity, dishonesty and ignorance in shaping public policy and enacting legislation our monetary disasters are largely due. It is not good business longer to employ the dishonest or the ignorant to enact unsound monetary legislation. A better bargain can be made with the honest and capable.

"While there is not a sagacious financier or economist in the world who doubts our ABILITY to maintain a gold standard of values, the loudly repeated demand for 'more money' and the legislation we have permitted, in unwise attempts to satisfy this demand, are causing close observers everywhere to doubt the sincerity of our DISPOSITION to maintain such a standard. In its last analysis the question is one of disposition, not ability. If, by a decisive majority, the people clearly declare themselves unalterably determined to maintain the gold standard, which I believe they will do if the question is rightly placed before them and proper opportunity is afforded them, that fact will end the demagogues' demand, in the name of the people, for the free coinage of silver, or the issue of fiat money, and with the disappearance of this demand all doubt as to the STABILITY of our standard of value will vanish. When that doubt has vanished no more United States bonds will be placed to maintain the gold reserve, for the double reason, that gold will not be required, and capital can gain larger profits by employing labor. This is the open road to more money for workingmen. There is no doubt but that such a

decision can be obtained. Our self-interest, our honor, and our patriotism demand that it shall be done. It is our duty to see that there is no discrepancy between the requirements of our legal enactments, our integrity and our patriotism." *

The Constitution of the United States is founded on integrity.

The coinage of the United States is founded on intrinsic value.

The dollar of the United States is the unit of the money of account, it is measured by $25\frac{8}{10}$ grains of gold, United States standard.

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